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No. 2109

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INTER-AMERICAN AFFAIRS

ANTIGUA SEEKS VENEZUELAN OIL FOR ITS REFINERY

Caracas EL NACIONAL in Spanish 13 Dec 79 p A-3

[Article by Maria Eugenia Diaz]

[Text] Antigua, the little English-speaking Caribbean island whose meager resources include a refinery of its own, is interested in Venezuelan oil, according to diplomatic sources here.

The Antigua refinery has not been operated at full capacity for this recovery work, which should be completed in 1980 and for which the island received Venezuelan assistance.

Concurrently with this project, it is interested in Venezuelan crude, to start trade with neighboring islands.

Vere Bird, premier of this island with a population of 70,000 and still dependent on the British crown for its foreign relations and its defense, will be in Venezuela today on an official visit as a guest of President Luis Herrera Campins.

Bird is the father of the deputy premier of Antigua, and of Antigua's minister of foreign relations; and for this reason the Antigua government is considered "nepotic" by many observers who are following developments on the island very closely. In the competition between the United States and Cuba to establish their presence in the area, Antigua is leaning toward the more northerly of the two. The United States has had a military base there for several years.

Although the island's political situation is not yet at a pivotal point, in that its government is still not independent, the United States is not turning a blind eye to it, "so as not to commit the same error it did with Grenada and Jamaica, both of which are now leaning leftwards under heavy Cuban influence," according to a highly placed diplomatic source.

Antigua also occupies a significant place in the sector of Venezuela's foreign policy that defines what has been called the "third alternative"

and that seeks to establish friendly relations with the Caribbean countries, offering to the archipelago the cooperation it needs to develop politically and economically in an independent manner--"without alining itself with Cuba or the United States," said the source.

In view of Antigua's imminent independence, Venezuela decided to establish direct diplomatic contact with it. Thus, the island was one of the stopping points in itinerary of an exploratory diplomatic mission that has considered the area's needs to establish a program of cooperation.

Antigua, like Grenada, has requested a direct air connection with the continent and could, in this regard, be integrated with the scenic area in a joint tourist development project. Antigua had previously requested, and Venezuela has this year granted it, financing for a sewage systems project.

9399

CSO: 3010

INTER-AMERICAN AFFAIRS

IMPROVEMENT IN MARITIME TRAFFIC CONTROL IN SOUTH ATLANTIC STUDIED

Naval Leaders

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 12 Jan 80 p 5

[Text] Admirals and senior officers of the navies of Brazil, Argentina, Uruguay, and Paraguay will be participating in Rio, from Monday to Friday, in the ninth meeting of COLCO's [Operational Control Authorities], under the chairmanship of Vice Admiral Fernando Carvalho Chagas, the Brazilian Navy chief of naval control of maritime traffic, who also holds the post of inter-American coordinator of the South Atlantic maritime area.

On the agenda for the meeting are discussions of "the national and regional organizations for control and protection of maritime traffic of the American countries of the South Atlantic, with a view to their defense in the face of threats in emergency or war situations, and joint measures and procedures which are to be adopted by the navies of Brazil, Argentina, Paraguay and Uruguay, or in relation with the other navies of the Americas and of NATO." Also scheduled is the transfer of the post of coordinator of the Atlantic area from Vice Admiral Fernando Carvalho Chagas to Rear Admiral Ruben Oscar Franco of the Argentine Navy.

The delegations of the South Atlantic navies consist of the following members:

Brazil: Vice Admiral Fernando Carvalho Chagas; Captains Luiz Carlos Selano Bacellar and Jose Luiz de Oliveira Rodriguez; Commanders Celso Lobo de Oliveira Filho and Gaspar de Souza Dias. Argentina: Rear Admiral Ruben Oscar Franco; Captains Luiz Hector Carranza and Hector Elias Bonzo; Lieutenant Commander Carlos Ruben Ruibal. Uruguay: Rear Admiral Rodolfo Invidio, chief of staff of the Uruguayan Navy; Captains Romulo Aldecosea and Jorge Nelson Nader Curbello and Commanders Antonio Bugna and Eduardo Lluberas. Paraguay: Captains Carlos Dalmiro Chamorro and Ignacio Moreno Carreras.

The sessions will be held at the Naval War School, and the opening ceremony on Monday, at 1500 hours, will be chaired by the chief of naval operations, Admiral- Fernando Ernesto Carneiro Ribeiro.

Maritime Traffic Discussed

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 15 Jan 80 p 5

[Text] Officers of the Brazilian, Argentine, Uruguayan, and Paraguayan Navies, meeting at the Naval School in Rio, are studying improvements in the control of maritime traffic in the South Atlantic at the 9th Meeting of Operational Control Authorities. The COLCO's are part of a complex structure created by the Inter-American Reciprocal Assistance Treaty, an idea originated by the United States, and including the Atlantic and Pacific Oceans since the cold war days, so as to protect the entire American continent through 12 organizations set up in five areas.

The meeting was opened yesterday by the chief of naval operations of the Brazilian Navy, Admiral Fernando Carneiro Ribeiro, and will last until Friday, when Vice Admiral Fernando Carvalho Chagas will hand over the COLCO chairmanship to Rear Admiral Ruben Osorio Franco of the Argentine Navy.

According to Vice Admiral Fernando Carvalho Chagas, the meeting agenda is secret and very lengthy. "But I can state in advance that we shall deal with the establishment of joint norms and systems for the control and protection of maritime traffic within our purview, in cases of war, emergency, tension, and also normal conditions, as at the present time," he explained.

The admiral also revealed that COLCO activities are continuous: "At least twice a year we hold joint exercises, at times even with the participation of the United States Navy, in order to put in practice what we decide at the meetings, which serve as a direct contact between officers of the four member countries, and so that we may refine the decisions taken at the previous meeting."

Finally he denied that possibilities of war in the Middle East or in Africa have become specific topics of discussion at the meeting, for it does not take up "circumstantial matters." On the material possibilities for the four member countries to prosecute the defense of the South Atlantic in the face of an armed threat, he argued that "the four countries are party to the Inter-American Reciprocal Assistance Treaty and therefore they are not alone and will have the support of all other American nations."

7428

CSO: 3001

SCHOENFELD SCORES NATION'S AMBIVALENCE ON GRAIN EMBARGO ISSUE

Buenos Aires LA PRENSA in Spanish 18 Jan 80 p 7

[Article by Manfred Schoenfeld: "The 'Decision-Making Centers' and a Memory of the 'People's Hour' Program"]

[Text] The foreign policy of the present Argentine Government is so inconsistent that anyone who did not realize that it merely lacks a strong orientation might be inclined to believe that there was some mysterious intention behind its shocking fluctuations.

We have already commented on the ambivalent position assumed by the combined forces in the Ministries of Foreign Relations and Economy with regard to the annexation of Afghanistan by the Soviet Union and to the partial grain embargo against Moscow proposed by the United States as an economic sanction and an act of reprisal. However, the stance adopted by our government prompts some subsequent remarks in view of more recent events.

We are referring to the vote in the United Nations, wherein the vast majority of the so-called "nonaligned" countries (including ours because, unfortunately, we are still affiliated with that undefinable bloc now headed by Fidel Castro) demanded the withdrawal of any kind of foreign troops from Afghanistan.

As we know, the "nonaligned" and the rest of those which, although they are not explicitly in that category, at least consider themselves members of the so-called "Third World" are furious at the way in which the Soviets ran roughshod over that Asian country. Only Castro himself (among the Latin Americans) voted against the resolution; and only the Sandinist regime in Nicaragua, now almost akin to that of Castro, expressed its lukewarm solidarity with the chief in Havana, and the latter's chief in Moscow, abstaining from the voting.

The Argentine Ambiguity

Argentina had its own way of being ambiguous. It voted in favor of the resolution. How could it have done otherwise, since, "on the basis of its

calling and destiny, it is inextricably bound to Western civilization and to the all-important values which lend it its perpetual force"?

But it had already clearly indicated that this inextricable bond would not affect "a constant factor in Argentine foreign policy," namely, the "non-utilization of economic sanctions as a form of pressure or punishment in the realm of political relations among countries." One assumes that this is added to the fact that "we refuse to take part in decisions...which originate in decision-making centers outside of the country."

Subsequently, when our delegation attended the emergency meeting of the leading grain exporting countries which Washington had convoked, there was even more than this: Not content to assert that our country would continue its normal grain shipments to the Soviets, it hastened to belie any interpretation of the Argentine position to the effect that, at least, we would not make up for the deficit caused by the partial suspension of American exports to Russia with shipments larger than the usual volumes.

In other words, our aforementioned "inextricable bond" will not be an obstacle (in theory, and provided that our exportable surpluses have such an effect) to our attempting to do some extra good business, at the expense of the Soviet invasion of Afghanistan.

One can imagine that this Argentine position must have sounded like heavenly music to the Soviets, and also (probably without our Foreign Ministry's noticing it) like honey on pancakes for Castro's plans.

While the fact that Argentina (Argentina, with its ardently "Western and Christian government") did not simply leave a "nonaligned" movement which chose Castro as its temporary leader was in itself complete backing for him, now our country's real, tangible position toward the Afghan crisis (not its platonic vote in the United Nations) is something more than backing. It is giving Castro support in his dispute with the rest of the "nonaligned" countries. It is, quite clearly, lending a hand to the Soviet Union in its process of hegemonic expansion; it means acting indirectly as suppliers to its invading troops. Then what kind of game are we in, assuming that our government knows?

Revealing Language

Speaking colloquially, we are obviously in a "two-sided game." It is exactly the typical stance of the "nonaligned," of those who gain advantages from all sides through coercion and pressure, of those who are constantly shifting like a pendulum, trying to see on which side the wind is blowing more beneficially.

It is essentially a regrettable position. Peron already attempted to impose it on the nation's foreign policy, with results that were poor and

certainly quite unconstructive. But, after all, what else could be expected of a Peron?

At the height of the unfortunate "People's Hour" that attitude appeared again, and it is here that one finds in the communique released by our Foreign Ministry revealing reminiscences with respect to vocabulary in the description of the Argentine position toward the grain embargo:

As we have already noted, there is a reference to the "decision-making centers" outside of the country, and a repudiation of anything emerging from them or of any decisions that may have been made in them.

In point 9 of the "People's Hour" program, published in mid-February 1971, the notion appears quite clearly when it discusses the promotion of Latin American economic integration. The purpose of that integration is claimed to be "a confrontation among the major international decision-making powers in the defense of our peoples." As is evident, whether the Foreign Ministry, the Ministry of Economy or the government as a whole is concerned, there are still many underlying vestiges of the past, and we have by no means swept them away.

A Destiny Which Seems a Burden

If the content and tone of those documents (the present ones and those of that time) are analyzed, one might reach the conclusion that the matter of Western civilization, the inextricable bond, the all-importance of the values and their perpetual force are just so many hereditary burdens, and crosses that our country is carrying, because there is no other recourse.

There is no resolute affirmation backed by deeds. What the United States was asking was actually very little, in view of America's weak attitude toward Moscow itself, and since the embargo per se is nothing but a timidly inadequate response to the Kremlin's increasing boldness. But we refused to offer even that little thing for the sake of backing our tiresome Western-oriented rhetoric with deeds.

We recently printed on this page a cartoon which was reprinted in Chinese newspapers, showing that the "nonaligned" are following Castro's path and are controlled by Brezhnev. Now, the Afghan issue appears to have opened the eyes of many of those who attended the Havana meeting in September.

But Argentina is still clinging to the caboose of the train whose locomotive is Fidel and on which Leonid serves as engineer.

2909
CSO: 300



Inextricably bound to Western civilization, in the caboose of Brezhnev's and Castro's train....

EDITORIAL SUGGESTS ESTABLISHING GRAIN CARTEL

Buenos Aires LA PRENSA in Spanish 23 Jan 80 p 6

[Editorial: "Agricultural Power"]

[Text] Old but recently revived factors such as political and religious fanaticism, and others that have arisen unexpectedly and shown considerable strength, such as OPEC-controlled oil, have substantially changed the international scene and have introduced doubts and fears that are being translated into an alarming sense of insecurity. This is mainly because the very leaders that control these powers--who are now acting more and more forcefully--hardly know how they will manage them and to what kind of world order it is that they aspire.

Apart from satisfying ancestral hatreds or resentments, what are the real desires of these fanatics, who have unloosed irrational forces such as those that we are witnessing in Iran or Palestine? And, apart from stockpiling huge international trade surpluses, what do the OPEC leaders propose?

The truth is that no one knows--not even the highest representatives of the new powers--and the result is a growing uncertainty about the fate of the generations that populate the earth today.

The kind of action undertaken so successfully by OPEC to date has posed the need in the affected countries to map out some sort of analogous reaction to counteract it. Naturally, the answer sprang forth in the United States about four years ago when the Federal Reserve Bank president told that nation's Senate that "if the Arabs have a monopoly on oil, we have a monopoly on grain."

This fact has also been noticed by the Third World countries, whose leaders, according to discreet information, are surprised that the United States has not yet used its "agricultural power."

It cannot fail to be instructive that advocates of the doctrine of industrialization at all costs--which has attracted so many followers in the

developing nations and in our own as well--are now discovering the serious and unavoidable dependence experienced by the European socialist nations that attempted it because they abandoned their once vaunted status as producers and exporters of grain. This is the case with the Soviet Union and the CEMA countries, which desperately need agricultural products that are scarce this year--the same products that they once produced and exported, enabling them to maintain their balance of trade. Among the countries that import billions of dollars worth of American agricultural products each year are the Soviet Union, Saudi Arabia, South Korea and also Iran, in addition to Great Britain, Italy, the Federal Republic of Germany, Japan and even Canada, although the latter is a large exporter of wheat.

It is of considerable interest that the United States is able--thanks to the satellites it has been using for several years--to obtain photographs of the entire earth's surface. These photographs allow it to calculate with considerable accuracy and sufficient anticipation the amount of land under cultivation, the nature of the crops, the possible harvest results and the actual yields once these harvests are complete. It was mentioned in a European newspaper article that Washington knew that 1979 would be a bad year for Russian agriculture, having already predicted a figure of 175 million tons of grain--only 2.7 percent less than the recently published official figure of 179 million tons. Not only did Washington manage to learn this quickly, but it found out much sooner than Moscow.

Official circles in the U.S. view with repugnance the possibility of having to use "agricultural power," which, nonetheless, is invincible on the world markets. This attitude is due to moral reasons, based on the fact that it could cause or aggravate hunger among masses of people; to political reasons deriving from the fact that the attitudes of governments affected by any restrictions ordered could not be predicted with certainty; to economic reasons arising out of changes in international prices for agricultural products with domestic repercussions that would reach the American farmers, and to reasons growing out of the possibility that the effect of the withdrawal of products would be felt only on a medium or long-term basis.

The truth is that that famous and questionable concept of "deteriorating terms of trade," which has been given and continues to be given such publicity and influence in our country would seem to need to be discarded definitely. This concept contends that nations that produce raw materials have been hurt in their international financial dealings with the industrialized nations since the oil price increases and the threatened use of agricultural power.

Undeniably, "agricultural power" has now entered the arena of international political relations. This is a new factor that was unknown and unforeseeable until a short time ago, and one which we cannot now fail to take into account. This is especially true if we consider the growing needs

of an increasingly hungry world, as the FAO constantly points out. The objectives of that organization, as is well known, are to raise nutritional and living standards, to achieve improved production and distribution of all food and agricultural products from farms, forests and fisheries, and to contribute in this way to the expansion of the world economy.

The foregoing information confirms the need for our country--which has been endowed by nature with especially favorable conditions--to extend its agricultural frontiers and to intensify and improve its crops, in view of the encouraging prospects offered by the situation described. In addition to carrying out the humanitarian mission that destiny has assigned to it, Argentina's importance and influence will grow as its share grows in the new power factor that has arisen among the nations: agricultural power.

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ARGENTINA

WHEAT HARVEST FOR BUENOS AIRES, LA PAMPA DROPS

Buenos Aires LA PRENSA in Spanish 20 Jan 80 p 3 sec 3

[Text] Bahia Blanca (Buenos Aires)-- With the end of the harvest season approaching in this area, which includes southwestern Buenos Aires province and southeastern La Pampa province, a report prepared by the local delegation of the Association of Argentine Cooperatives notes that predictions have been confirmed of an average general yield of 20 sacks per hectare, with a good weight per hectoliter. This yield comes from a cultivated area that represents a 30 percent reduction from the area planted last season. It is estimated that the yield will drop to 10 or 12 sacks per hectare in southern La Pampa.

The quality of the grain is reported to be very good, with an average weight of 84 kilograms per hectoliter.

The report goes on to detail the yield per region, stating that wheat averaged 17 to 18 sacks per hectare in the Cabildo area. As for the gross crop, the area planted is the same as last year's.

Coronel Suarez: With 30 percent of the crop remaining to be harvested due to delays caused by recent rains, the report indicates that the yield is averaging 24 to 30 sacks here with a very good weight per hectoliter. Regarding the gross crop, it has been confirmed that sunflower plantings exceed those of last season and the crop appears to be in very good shape.

Carhue: The yield in this part of the Adolfo Alsino district was 28 sacks per hectare by the end of the harvest.

Planting of the gross crop reflects the lack of precipitation.

Coronel Dorrego: Now, at the season's end, yields have diminished from the levels attained during the first cuttings. Late frosts have hurt several fields. A final average of 18 to 20 sacks has been obtained.

Dufaur: In this sector, the harvest attained a weight of 84 kilograms per hectoliter. The best results were achieved in fields located in the

mountainous areas, while production was smaller in the Laguna La Salada region, which is separated from that area by national route 33. The overall average was 25 to 28 sacks per hectare.

Pigue: Yields here reached 25 sacks, weighing 82 kilograms per hectoliter. The area planted was 30 percent smaller than that of the 1978-79 season. Commenting on the gross crop in this sector, the cooperative's report states that the sunflower plantings are doing very well, having had sufficient rain.

Patagones: A hard frost during the first week of November hurt a considerable portion of the grain planted in the Patagones district. Final production is estimated to be 20 to 22 sacks per hectare, with a weight of 80 kilograms per hectoliter.

Huanguelen: The harvest from fields in this area produced very good results. The yield rose to 28 to 30 sacks per hectare, with a weight of 78 kilograms per hectoliter. The outlook for the gross crop, especially of corn and sunflowers, is also encouraging, with a larger area planted this season.

Felipe Sola: The lowest yields were obtained here. They are estimated at 13 to 14 sacks per hectare of good quality grain, even though it contains some wild barley. This is because the wheat was planted late, due to a lack of rain at the proper time. The area under cultivation decreased almost 60 percent from the area planted last season. It is also feared that the lack of rain will hurt the results of the gross harvest of sorghum, sunflowers and corn.

Saavedra: Some 18 to 20 sacks per hectare have been harvested. The lack of moisture is being felt in plantings of the gross crop.

Villa Iris: The yield has also been low in this sector. Estimates in the Cooperatives' Association report indicate that they are averaging about 12 sacks. The planting was 60 percent smaller than during the 1978-79 season due to lack of rain at the proper time.

In La Pampa

The harvest is almost nonexistent in the Abramo region because of the severe drought suffered all year. However, they aim to plant extensively for next season's crop.

General Acha: Yields from fields in this area vary from 10 to 12 sacks per hectare. The quality of the grains is fairly good.

General San Martin: Here, too, the yield is 12 sacks per hectare, with good quality and a weight of 80 kilograms per hectoliter. The planting was 50 percent smaller. The lack of precipitation is being felt in the gross crop.

Guatrache: The refined harvest produced 15 to 18 sacks per hectare. Some lots of grain were of good quality and others contained wild barley. A greater area has been planted for the gross crop than in the previous season, but the fields are suffering from the lack of rain.

Jacinto Arauz: The yield was only 10 or 12 sacks, with a weight of 82 kilograms per hectoliter. The prolonged drought forced a 50 percent reduction in the area planted. Some 800 hectares have been sown with an experimental planting of sunflowers, corn and sorghum. Rain is scarce in the fields of this region.

Miguel Rialos: In this region of eastern La Pampa, some 100 kilometers from Santa Rosa, the harvest concluded with yields averaging 25 sacks per hectare. The quality is not completely satisfactory because of the presence of so-called "white belly" grain and some wild barley. For the gross crop, the area sown was double the area under cultivation in 1978-79 and it is growing normally.

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ARGENTINA

BRIEFS

SERIOUS DROUGHT--Rosario--High temperatures in southern Santa Fe province are worsening the adverse conditions of the current drought and hurting the corn and sunflower crops in particular, causing fear for their survival. Sources close to the agricultural sector claim that if it does not rain in the next 48 hours, the results of the lack of water could be serious; the corn in blossom will not tassel and the sunflowers will wither. Meanwhile, preparations for planting the second crop of soybeans are being delayed, making for an uncertain and worrisome picture at the moment. [Text] [Buenos Aires LA NACION in Spanish 23 Jan 80 p 17] 8631

CSO: 3010

FOUNDING MANIFESTOS ISSUED BY PTB, PMDB, PP

Labor Party Manifesto

Rio de Janeiro JORNAL DO BRASIL in Portuguese 22 Dec 79 p 8

[Text] Brasilia--The manifesto of the Brazilian Labor Party released yesterday describes Laborism as "the Brazilian road to building a democratic and socialist society." It thus adopted, almost literally, the suggestion contained in the draft of the document prepared a few weeks ago by a committee of parliamentarians.

Along the same line, the Laborites promise to democratize the property system and describe it, as well as capital and the means of production, as having a social function. The document departed from the draft in this statement, as well as in the promise to grant the vote to illiterates.

The Draft and the Manifesto

The manifesto gives great emphasis to the social work of Getulio Vargas and to his testament-letter. It refers to the workers as the "great popular majorities" and not as a legion of the oppressed, an expression used several times in the draft, with which it differs also when it calls the Brazilian Democratic Movement (MDB) a "front of opinions" and when it admits that in the course of its history, the former Labor Party had successes and failures." The draft does not refer to the MDB. However, it criticizes "the rule of the technocrats," to which the manifesto does not refer, saying that they "established a model in which it is not human needs that guide the direction of the economy but the requirements of the operation of a system that has generated false consumer needs." The Manifesto draft states that "the Laborites will always strive to discuss and intensify alliances with all the popular and democratic forces of the country," while the final document does not refer to that.

Text of the Brazilian Labor Party Manifesto:

The Brazilian Labor Party (PTB) was founded in 1945. Its charter of principles and its program were inspired by the social work of President

Getulio Vargas. The founders of the PTB were unionists, professionals and other citizens striving to serve the country, the people and, very especially, concerned about preserving and expanding the social gains of the workers at the historic moment that the nation was preparing to elect a National Constituent Assembly. Although it had a small bloc, the PTB collaborated consistently with its program in the drafting of the 1946 constitution, and from that point on began its activity as a popular and nationalist party within the opposition. It was the political party that grew the most during those 18 years of freedom, reaching the point in 1964 when it was the party with the largest number of representatives in the Chamber of Deputies.

Simultaneous with its activity in the senate and in the chamber, the PTB efficiently administered thousands of municipal governments, state governments in various states of the federation, and made its presence felt in legislatures and municipal councils. In coalition with other parties, it elected Getulio Vargas president of the republic in 1950, as the candidate of the opposition. And in 1960, by popular vote, it elevated Joao Goulart to the vice presidency, later assuming the presidency in 1961.

With the advent of the arbitrary government in 1964, the overthrow of Joao Goulart's constitutional government and the act abolishing the political parties which was preceded by a wave of repression and the banishment of a countless number of its leaders and activist cadres, the Laborites formed the MDB, the only opposition political organization permitted by the regime. The PTB contributed a larger number of parliamentarians than all the other parties put together to form the MDB. The Laborites within the country or exiled remained firm in the resistance and in the opposition during all of those 15 years, supporting and lending prestige to the MDB as an opposition front, and for that very reason they were eliminated from its cadres and its representation by successive waves of banishment. Hence, its meager numbers today in the parliamentary representation of the MDB. The PTB was the political group persecuted and targeted the most by the arbitrary power throughout these years of authoritarianism and repression.

Today, when the national conscience is demanding ever more strongly the restoration of popular sovereignty and the democratic reconstruction of the country, the PTB also reemerges because it is a political, social and cultural reality, conscious of its mission in the current context and in the tomorrow of Brazilian life, that is, in the future of the nation. For that reason, the PTB, consistent with its traditions of defense of the laboring masses, proposes a new plan of society for Brazil. This plan is not the product of improvisation but the result of a long historic experience and the analysis of the successes and failures experienced in the past which enable the PTB to present itself now with a program inspired in its doctrinary principles derived from popular struggles, of which it was the principal protagonist.

The Brazilian Labor Party thus reemerges in this new phase of its presence in Brazilian history, stating the following principles and positions, which it presents to its followers for the purpose of initiating the broadest discussion until its guidelines are democratically consolidated.

I. Laborism

As a doctrine, it is based on the primacy of the values of labor. Labor, the originating source of all goods and wealth, it is also the basic relationship on which social life is constituted. For Laborism, the values of labor are not only economic but also human, ethical, cultural and political.

Laborism as a political party (Brazilian Labor Party--PTB) is a political action of an essentially dynamic, democratic and democratizing nature which aims at the transformation of economic and social structures in the direction of harmonious and independent development and the participation of the working people, consequently, of an ever larger number of men and women in all fields and activities in the fruits of production, in the political decisions and in all the fruits of progress and civilization. Consequently, the Brazilian Labor Party expresses, represents and defends the rights and aspirations of the great popular majorities of our country, advocating the building of a democratic and pluralistic society characterized by an active and growing process of selforganization at all levels so that this society will become ever more free, more fraternal and egalitarian. That is why Laborism is the Brazilian road to the building of a democratic and socialist society.

II. The Brazilian Nation and Laborism

The supreme commitment of the Brazilian Labor Party, of all of its members and followers, is to the integrity and defense of the Brazilian nation, regarded as the combination of all our people and the authentic values of our nationality. As a nation, we are and will always be the product of the struggles, the creativity and, above all, the labor of our people. The testament-letter of President Getulio Vargas authentically and realistically expresses that popular and national sense of our historic process and defines courses for the future and identifies the barriers that have been set up against the basic interests of the nation. It is our people themselves and their potential that are the greatest resource and source of affirmation of Brazil. Given access to know-how and education, living and health conditions, an atmosphere of freedom and justice, they will transform our country rapidly into a great nation.

III. Laborism and Democracy

The other basic postulate of Laborism is the social mobilization and party organization of the large working majorities, which is practical only in an atmosphere of freedom and democracy. That is why, for the Brazilian

Labor Party, democracy based on the representative system, on the plurality of parties and on the guarantee of basic human rights is not a phase or simply a road, nor is it restricted to the formal aspects of social life, but the condition for achievement of its own objectives. In that concept of democracy, it recognizes two basic principles: equality and participation. Democracy is real only when it realizes the interests and aspirations of the great majorities on the level of economic, social, political and cultural relations. In that sense, democracy is a constant objective to be achieved and a constant task at all levels of real and everyday life through the overall transformation of society. Historic experience demonstrates that no popular party can succeed in sustaining itself in the government without an organized people, and also that the organizations of society do not succeed in achieving their aspirations without parties to transform them into a political reality through the power of a democratic state. An organized party and people, consequently, are the two basic conditions for the construction of a just and democratic society.

IV. Laborism and Human Values

The Brazilian Labor Party considers and defends "human values" based on labor as one of the real dimensions of justice in overall social relations. For Laborism the individual always comes first, his quality as a social being and as a working being, subject for his actions and conscious of his freedom but committed in solidarity with the others in society: the individual and the family, the latter as the natural and basic nucleus of all social life, inherent in human nature itself where labor likewise emerges as an activity of solidarity.

V. The Social Base of Laborism

The Brazilian Labor Party assumes the causes of working people, expressing and defending the rights and aspirations of all those who depend on work to live, of all those, in short, who perform work or render service of any kind, as a socially useful activity; and in a very special way, of the deprived population, the millions of oppressed and abandoned Brazilians, without the opportunity to get a proper job and to develop their potential. Laborism, therefore, embraces a broad social spectrum, the backbone of which is the workers and farmers of all of Brazil: from the poorest and most deprived population, the unemployed and underemployed, wage-earners in general, farmers and small producers of the interior, civil servants, professionals, teachers and students, mothers and housewives, retirees, artists and intellectuals, middle classes and national businessmen of industry, commerce and the farm, who accept the social meaning and the ethical and democratizing content of the Labor program.

VI. Democratic and Social Rights

Recognizing these principles, the Brazilian Labor Party proclaims, declares and upholds the following democratic and social rights of the Brazilian people:

1. The right to live in freedom and without fear, as a civilized people, in an atmosphere of peace, without threats of coups and of repressive violence, in the possession and enjoyment of their territory and its natural resources under conditions of imposing respect for its dignity and independence.

2. The right to be the only source of sovereignty and all legitimate power within the confines of the national territory; and, consequently, the right to organize themselves in a democratic system, with a stable constitution, to have their laws, their public, social and private institutions and their own state, organized and functioning according to their sovereign will and their real interests. Consequently, it is the right of the Brazilian people to oppose and reject any and all concepts or doctrines that ascribe to groups or minorities or their armed forces a tutelary mission above popular sovereignty.

3. The right freely to choose and control their leaders and representatives in the state, in the political parties and in their social institutions through the universal, secret and direct vote of all of its citizens, men and women, without discrimination of any kind, including those whom society and the state have failed to teach to read and write; therefore, the right to reject and combat, as an assault on the guarantees of the citizen, of the minorities and of the nation itself, any and all interference and pressures by the economic power or of authoritarian origin in the elections, corrupting or coercing, in short, deforming the electoral truth.

4. The right to participate in the discussion, preparation, execution, control or review of all decisions and activities that affect him or that may affect him, both as an individual and in a collective sense; and to have available the widest information in an atmosphere of free debate of all the problems of the country and society, with the access of all currents of thought, recognizing the complete freedom of the press--the press, radio and television--and free creation in all fields of culture, the arts and science.

5. The right, in a pluralistic environment, to organize themselves into parties, unions, movements, associations, institutions and any and all forms of organization or activity, according to the interests and motivations, tendencies and feelings of the population, of their minorities, social groups and communities, independent of the control and tutelage of the state and with guarantees against every form of authoritarianism and arbitrary limitations.

6. The right to abhor and combat all doctrines and practices that discriminate against Brazilians and other inhabitants of the country because of their ideas, beliefs, sex, age, race, physical appearance, nationality, social class, or very especially, because of their condition of poverty; or that lead to disrespect of their dignity; or that suppress or restrict their human and social rights.

7. The right, through appropriate democratic legislation, measures and procedures, to transform the political, social and economic structures of the country, to facilitate our independent development and to build a society that will become more and more participatory and creative, more free and democratic, more fraternal and egalitarian, with equal opportunities for all Brazilians.

8. The right--in the face of this inconceivable social scandal, a crucial assault on the future of the nation, represented by the existence in the country of 25 million needy minors, in a state of poverty, degradation or complete neglect--to establish as the most urgent national priority, independently of any other consideration, guaranteeing the necessary assistance to all children, adolescents and youths of the country, particularly those from the most humble backgrounds, beginning from the mother's womb; food, schooling human development and education.

9. The right to consider as an equal priority matter for the whole nation, the situation of poverty, degradation and deprivation of tens of millions of Brazilians--the great majority young men and women, along with the old and the infirm--completely lacking in assistance, integrating them through broad programs of social development, stimulating their selforganization and gaining of awareness, providing them with means of production, work and property and the participation of all of them in productive activities, income and social services, guaranteeing them as a minimum a proper shelter, an acceptable level of medical-social assistance and the basic means of survival and education.

10. The right to establish a priority for the general interests of the popular and productive working majorities of the country, providing all urban and rural workers with housing, modest as it may be, the opportunity of access to work, to occupational stability, to a fair wage, to a real and increasing share of the fruits of development of which they are the main builders, to welfare and social services; ample freedom to organize themselves into unions and other organizations that the workers themselves may deem necessary and advisable to defend their interests and rights and to manage them independently, free of the control and pressures of management or the state as well as of political parties; the right to strike, of political participation and other forms of peaceful activism and democratic action.

11. The right to democratize the property system and the fair use of productive resources with a view to social development and economic progress in order to guarantee the small and medium farm producer fair access to property or its preservation and prosperity and to provide proper housing for all families in the cities as well as in the interior of the country.

12. The right to reject and oppose any and all concentrationist economic and social policies that favor or tend to favor national or foreign privileged minorities and groups which continue to condemn immense segments of the Brazilian population and entire regions of the country to deprivation and poverty.

13. The right to demand that Brazilian development be carried out harmoniously and with the protection of nature, with the defense of the environment and rational utilization of our nonrenewable natural resources. The Brazilian people have the right to assert their nonconcurrence and to affirm that the granting of super-large landholdings to national or foreign groups and the predatory exploitation of the Amazon region is being carried out completely behind their backs, and harming their legitimate interests.

14. The right to defend themselves and to fight any type of political and economic imperialism or system of exploitation, not only of man by man, of groups or classes against the collective community but especially the exploitation of our country, of the labor of Brazilians and of our natural resources by multinational organizations and companies.

15. The right to denounce as antinational, intrinsically totalitarian, and adverse to Brazil and its supreme destinies, doctrines or practices that do not recognize these rights of Brazilians as a people and a nation and that seek to impose the idea that national security and development can only be achieved with a strong, authoritarian, elitist, centralized and centralizing state, with the economy of the country at the whim of the expediency of powerful international economic and financial groups. That type of doctrine is nothing more than an ideological instrument of interests alien to the nation and of exploiting groups that are leading us to dependence and neocolonial domination. We will be a great nation in security only if all of our people raise themselves culturally based on the values of freedom and democracy and achieve standards of living and creativity that only a socially fair and independent economic development can provide them, and if it is really based on the internal accumulation of wealth and all of the Brazilian people participate in its production and consumption.

VII. Laborism, Social Property and Private Property

1. Laborism considers that property, capital, all means of production have, above all, a social function and their use, utilization and exploitation are dependent on the interests of the collective community and the nation as a whole. It is for that very reason that the essence of Laborism is to promote the diversification and democratization of productive relations so that various forms of management and social ownership of the means of production--of a more fair and human nature, based on cooperation and solidarity--may be increasingly incorporated in Brazilian economic life, independent of the state but rooted in the real and direct interests of our population. It is within this perspective that is embodied, for example, the increased access of workers to economic decisions in general, particularly in the large public and private companies, comanagement, self-management and cooperativism, the latter in all of its forms in the fields of production, consumption and distribution, especially in the branches that most affect the needs of the people and the basic problems of the small and medium producers. Only the practice of democracy will determine the relative advisability and characteristics of each of those routes and the appropriate relationship between them.

2. Thus, Laborism does not exclude but conditions on social interests the private ownership of the means of production, free enterprise in economic activities, private capital, that is, the so-called market economy. It conditions it on the planned and independent development of our economy and on the welfare and social rights of the Brazilian people, on the guarantees of labor and the fair distribution of the fruits of production. Free enterprise, particularly, must be one of the factors of mobilization of national resources, promoting the independent expansion of Brazilian economy and generating social progress. In that context, Laborism ascribes priority to support for small and medium national business, and the small and medium producers in the interior and all their organizations.

3. As for the right of property and in economic matters, Laborism embodies the democratic principle of the prevalence of social and national interests over those of the individual, of the limitation of the latter vis-a-vis the former. Consequently, Laborism adopts and advocates the intervention of the democratic state in the economic sphere through legislation and appropriate legal procedures, as a means of defending the country as a whole and our natural resources from international plundering and predatory exploitation, of promoting our independent development and insuring the collective welfare and the fair distribution of income, preventing and combating the exploitation of the people, illicit enrichment and all forms of corruption. The intervention of the state which Laborism advocates and defends is characterized by its social content and broad democratic control of management.

VIII. Laborism and Development

Laborism starts from the premise that the decisive factor of our development is the Brazilian people themselves, because they are the greatest national resource and the best and most valuable thing the country possesses. Potentially, we have all the conditions for development: a vast territory, a large population, abundant natural and technical resources and a domestic market of enormous proportions. However, those conditions will become transformed into real development only when they are stimulated by the participation of all of our people. Thus, an integral part of our proposal is the definition of a new policy of economic development that has the Brazilian people as the center of its concerns with the aim of building an ever more prosperous, free and egalitarian society. The realization of that policy must take the following matters into consideration:

1. Independent national development presupposes decisive and regulatory power over the process of accumulation and investment in our country. We cannot subordinate the growth and distribution of income to the power of foreign and national big capital. As long as big capital holds the unlimited power to direct investment as it sees fit, the democratic and popular governments will be thwarted without the necessary conditions to carry out their development program.

2. Laborism declares that the complex of our international economic and financial relationship is the great cause that nurtures our underdevelopment-- a sort of dynamics of cause and effect, of our backwardness and our poverty. Thus have the internal structures of the country been shaped throughout our history, to maintain our relations with the outside world in a situation of exploitation and dependence. To touch the internal structures, therefore, is to interfere in the external relationship. The transformation of the internal structures of production and power is closely related to our independence and sovereignty with reference to foreign economies and governments. The Laborite alternative is firmly and systematically, through democratic policies and decisions, to promote and effect the elimination of internal privileges and all factors of our external dependence.

3. Autonomous national development is closely linked to the policy of foreign capital the entry, application, presence, remuneration and return of which must be tightly regulated and controlled, and be subordinated to the interests of the Brazilian people and the guarantee of the values of national labor.

IX. The International Order

The Brazilian Labor Party adopts as basic principles, the defense of national independence, territorial integrity, national sovereignty, the self-determination of peoples, the peaceful coexistence between nations and nonalignment. In accord with those principles, Laborism defends the establishment of diplomatic relations and trade and cultural exchange with all peoples. It rejects war, the arms race, the use of weapons of extermination and atomic thermonuclear experiments for military purposes. It fights against imperialism, colonialism and racism. It condemns all forms of aggression, intervention and economic pressure and battles for respect of human rights in all countries. It defends the free determination of the peoples to select their leaders and forms of government. It fights for arbitration in international disputes and conflicts. It demands a new world economic order that will insure the defense of our natural and human resources, the protection of the prices of our exports, the existence of fair financial relations, access to all scientific and technological advances of mankind and the guarantee of equal participation in international organizations.

PMDB Manifesto

Brasilia CORREIO BRAZILIENSE in Portuguese 20 Dec 79 p 5

[Text] "The nation has not forgotten that each arbitrary action of the regime always permitted a clearer definition of the opposition forces. While some nominally in the opposition weakened and vacillated, others, many sometimes coming from the party rank-and-file and from the new union and community movements, engaged in the struggle. Now that same advance will occur on a greater scale." That is one of the passages from the "Manifesto From the Founders of the PMDB to the Nation," released this afternoon after one of the meetings of the organizing committee of the new opposition party.

Declaring that the "Brazilian Democratic Movement Party (PMDB) will gather all of the really popular and democratic currents," the document stresses that the Party "will not serve as an instrument for those who directly or indirectly collaborate with the government, nor for those who are not really ready to participate in a task of popular mobilization. And it will gain new cadres which until now have stayed away from party politics because they did not identify it as the appropriate vehicle for rank-and-file movements."

The manifesto charges that, "while agreeing to broadening access to consumption, the dominant forces in fact do not sacrifice the luxury of the few to abolish the poverty of the many. They require that the limited forms of political pluralism that are tolerated be carried out within the narrow but variable bounds imposed by those in power so that the majority will not become militant and mobilized.

"In that connection, they seek to reduce the citizens to a defenseless and obedient mass, to build the nation-power on the basis of the existing social and regional inequities. And they do not hesitate to use all the weapons of pseudoconstitutional coupism to prevent the struggle of the opposition, within or outside the parties, from thwarting those freedom-destroying aims."

Following is the 220-line text of the PMDB Manifesto:

The struggle for democracy in Brazil begins another stage today with the foundation of the Brazilian Democratic Movement Party (PMDB). With the abolition of the Brazilian Democratic Movement (MDB), the authoritarian regime took the most violent in a long series of measures that are all basically similar. Whenever the opposition, faithful to the popular will, has threatened the arbitrary power and has become a government alternative, the incumbent system, casuistically changing the current rules, has sought to prevent that alternative. Now the coup d'etat is perpetrated, repeated and perpetuated with flagrant disregard for constitutional principles.

While the government retains control over the state apparatus through expedients that deprive the republican institutions of real content, making them a veritable farce to pervert the popular will, it seeks to insure economic growth, though in a confused and vacillating manner, keeping the popular majorities detached from wealth and power. This power structure, sustained by the alliance between state bureaucracy, the wealthy classes and the multinational companies proposes to keep the social situation unchanged and uses the rhetoric that the country has become an emerging power. While agreeing to broadening access to consumption, the dominant forces in fact do not sacrifice the luxury of the few to abolish the poverty of the many. They require that the limited forms of political pluralism that are tolerated be carried out within the narrow but variable bounds imposed by those in power so that the majority will not become militant and mobilized. In that connection, they seek to reduce the citizens to a defenseless and obedient mass, to build the nation-power

on the basis of the existing social and regional inequities. And they do not hesitate to use all the weapons of pseudoconstitutional coupism to prevent the struggle of the opposition, within or outside the parties, from thwarting those freedom-destroying aims.

The opposition could well have felt discouraged at seeing the conditions of political life changed so often to pervert the demonstrations and escape the consequences of popular rejection. The Brazilian Democratic Movement (MDB) was the great instrument of the opposition. It grew despite all adversity and all disbelief until it became, through the vote, the unquestionable representative of the majority of the nation. It overcame all the casuistry that sought to stop it until the government resorted to the fascist and ultimate expedient of dissolving the parties.

The founders of the PMDB remind the nation that the faith and the hope of the unsubmitive Brazilians have transformed each of those causes for discouragement into a new advance against the government, the arbitrary regime and the social order which the regime and the government want to maintain. And they declare that the greatest savagery of all--the coercive dissolution of the MDB--will be transformed by the same hope and by the same faith of an ever greater number of Brazilians filled with revulsion into the greatest of all advances: the building of the Brazilian Democratic Movement Party.

Arbitrariness

The nation has not forgotten that each arbitrary action of the regime always permitted a clearer definition of the opposition forces. While some nominally in the opposition weakened and vacillated, others, many times coming from party rank-and-file and from the new union and community movements, engaged in the struggle. Now that same advance will occur on a greater scale. The PMDB will gather all of the really popular and democratic currents. It will not serve as an instrument for those who directly or indirectly collaborate with the government, nor for those who are not really ready to participate in a task of popular mobilization. And it will gain new cadres which until now have stayed away from party politics because they have not identified it as the appropriate vehicle for rank-and-file movements.

The nation has not forgotten that the fight against authoritarianism has taught everyone that the effectiveness of resistance against a regime that utilizes the constitutional forms themselves as the weapons of arbitrary action has always depended on the ability to transform party politics into a means of organization and of intensification of awareness, and thus to begin overcoming the great chasm between the politics of the summits and the politics of the rank-and-file, between the aspirations of the politically active minorities and the suffering of the sidelined majorities. Therefore, the PMDB wants to be the great instrument of intensification of democratic resistance and, above all, it will be the estuary of the currents of free thinking, of nonconcurrency with the tutelage to which

the nation is being subjected. More and more, it will have to break the closed circle of the policy of the elites, integrating party and parliamentary activity within a greater effort of advocacy and militancy. This is a task that has to be carried out not only in the parliamentary sphere but everywhere where Brazilians live and work and in close link with union and community movements.

The PMDB will be the road of the opposition elements who understand that the struggle against authoritarianism will culminate not only in the restoration of the constitutionality but the democratization of society through a more and more militant and organized participation of all Brazilians, and especially the popular strata and the middle class. The commitments that guide our party and the concept of its political practice are the fruit of a tough apprenticeship gained in the course of a resistance which the leaders of the emerging social movements have joined. The defining demands of the party in the political and economic-social fields will be formulated in the light of that concrete historic experience. And, while the party will have the immediate objective of opposing authoritarianism, by the way it conducts that opposition, it will foreshadow the outlines of a democratized society and culture, emancipated not only from blatant inequities but also from subtle paternalism.

The Brazilian Democratic Movement Party:

1. Will continue and intensify the struggle waged by the Brazilian Democratic Movement on behalf of the major democratic themes: maintenance of election schedules, direct elections at all levels, defense of the autonomy of the municipalities, and strengthening of the federation; democratization of education, broad, general and unrestricted amnesty, freedom of information, restoration of the powers of congress, and the convocation of a National Constituent Assembly.

2. It will appear ready to undertake a political practice of organization and mobilization, especially in the face of conflicts, always utilizing the course of peaceful and democratic militancy.

3. It will have as its task to establish an opposition that has the trust of the people not of the holders of power.

4. It will give priority to the work of popular mobilization, with the strengthening of the party rank-and-file and the advancement and intensification of union and community selforganization in the non-organized sectors of the people.

5. It will fight for economic and legal guarantees--the elimination of poverty and freedom of organization--that will permit the autonomy of association; it will defend the rights of rural and urban workers, the autonomy and freedom of the unions vis-a-vis the state and management, the establishment of a union representative in places of work, direct negotiation between management and labor and the right to strike.

6. It will adopt a form of internal organization that will affirm the principle of real collegiality in its leadership, which will establish a participatory and continual debate on the party program and action and which will engage at all levels the nonparliamentary cadres and leaders of the social movements being formed.

7. It will uphold a program that will point the road to the democratization of the forms of power and production and the elimination of poverty without falling into preconceived formulas or being satisfied with the mere redistribution of consumption.

8. It will seek to become the great instrument of a majority force of social transformation that will counter not only the autocratic state and the iniquitous economic order but also a paternalistic and authoritarian culture; a militant and popular party that will speak a language and carry out a practice open to the middle classes, to the organized workers and to the poor and deprived masses.

9. It will demand that the integration of the nation--once the chasms between classes and regions have been eliminated--be carried out by a policy of accumulation and investment that links the decision-making centers of the state to the needs and participation of the wage-earners and the small and medium property-owners instead of linking them to the big national and foreign oligopolies, which participate in the system of poverty and denationalization. It will fight in the resolute defense of our natural resources, today exploited in a predatory and sellout manner by international groups.

10. It will propose democratic fronts with other opposition parties that may emerge, respecting the party commitments of each one and fighting for a multiparty system absolutely free of state tutelage and the influence of economic power.

Commitments

Faithful to those commitments, we seek a society that, through its battle against the autocratic state, may be capable of organizing itself to practice democracy not only in the government but in all institutions where men exercise power over one another; a society in which the constitutional structure disciplines power through the rapid solution of impasses and the multiplication of forms of representation and popular consultation; a society in which the elimination of poverty and great inequities may be the condition and consequence of party, union and grassroots community militancy; a society, therefore, in which the fair redistribution of consumption is carried out simultaneously with the strengthening of collective self-organization and with the multiplication of forms of popular participation in power; a society in which democratized political control is established over the basic flow of investment to insure that the guidelines of the process of accumulation comply with majority decisions. That is to prevent the withdrawal of investment from subverting reform plans;

to redirect the profile of production and consumption as well as the relationship between industry and agriculture and between the Brazilian and the foreign economies, all of this to serve popular needs. But at the same time, a society in which will be promoted the decision-making power of the workers over the organization and hierarchy of labor and the cooperativist links between small and medium property-owners in the cities and the countryside; a society that utilizes the lack of political definition of its classes to carry out a plan for a more mobilizing democracy and, therefore, one more capable of penetrating the productive system and everyday life; for that very reason, a society that will multiply as much as possible the mechanisms of polemics and deliberation that will permit men to exercise their collective freedom in the reconstruction of social life.

The founders of the PMDB are aware of the immense difficulty of the militancy and mobilization plan that inspires them. But they know that without an intensive practice of popular organization, it will be difficult to achieve even the degree of representative democracy and redistribution of income and wealth that distinguishes the consolidated democracies. Without that mobilization, the people will be impotent before the machine of the state or open to demagogic leaders and superficial agitations that only provoke new authoritarian reaction.

The inequities of wealth and income as well as of access to security, to opportunities and to power in the productive system are so great and so deeply rooted in Brazil that they will only give way to a militant and organized force.

The founders of the PMDB pledge the nation to build a party that, by its methods of activity and by its internal structure, will be a foreshadowing of the social order it advocates for the country. They assume that commitment aware of the dangers and obstacles they face: the difficulty of carrying out any mobilizing work in an arbitrary regime always open to institutional manipulations and perversions at the whim of expediency, the enormous distance that still separates party militancy and the everyday experience of humble Brazilians; the unpreparedness, due to the discontinuity of democracy, for the arduous work of structuring a party, of struggling in defense of union and community selforganization, and of participation in social conflicts.

The constancy and nonconformity of many transformed a defenseless party into a vigorous organization that the regime had to abolish in order to be able to survive a little longer. The same constancy and nonconformity will transform the successor to that party into a movement that will emancipate the country not only from the government but from the despotic regime; not only from the regime, but from the current social order.

Popular Party Manifesto

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Dec 79 p 4

[Text] Rio--Deputy Magalhaes Pinto said yesterday when he read the manifesto launching the Popular Party (PP) that "only prompt and actual democratic institutionalization will avert the risk of armed conflicts or coups d'etat." According to him, "the most important mission of the party will be to help the people assume their power of decision."

The document was read in auditorium of the Brazilian Press Association (ABI) in Rio during a ceremony that did not last more than 20 minutes. After reading the manifesto, Magalhaes declared that the next stage in the development of the new organization is set for 1400 hours on 10 January in Brasilia, when the provisional National Executive Committee will be chosen and the committees that will tour the country seeking to win new members for the party will be named.

Two-thirds of the 400 seats in the ABI auditorium were filled, with scores of deputies, senators, former governors, former mayors and former candidates in attendance. The most noteworthy absence was that of Governor Chagas Freitas. His representative, Deputy Miro Teixeira, arrived at the end of the ceremony and said that there was a delay "because we were tied up with an official of the Ministry of Interior."

There were many banners and placards in the auditorium with the slogans "For the Right To Strike," "For the Distribution of Income," painted in red and black. The placards were affixed to the walls by youths dressed in white T-shirts bearing the name of the new party, who distributed pamphlets.

The manifesto launching the party was read with great difficulty by Magalhaes Pinto, who lost his place during some passages and was interrupted by applause in others. The longest applause occurred after the Minas deputy declared "we emerge as a popular, progressive and nationalist opposition party that aims to gain government power democratically."

At the end of the meeting, reporter and historian Helio Silva, representing the president of the ABI, greeted the launching of the new party and pointed out that the organization was impartial "inasmuch as we have already received in this auditorium Miguel Arraes, Luiz Carlos Prestes, Leonel Brizola and now Tancredo Neves and Magalhaes Pinto."

Present at the meeting, among the principal organizers of the Popular Party, were former mayor Olavo Setubal, former Governors Jaime Canet Junior, Paulo Egydio, Roberto Santos, Paulo Torres, Helcio Alves and Garcia Neto, and Deputies Miro Teixeira and Thales Ramalho.

Following is the text of the manifesto launching the Popular Party:

We are facing one of the greatest crises in the history of the republic. The changes that have occurred in recent decades have altered the appearance of the country in many aspects. In the meantime, it was not possible to establish new and appropriate structures, nor were institutions built that will assure us democratic regimes. On the contrary, the participation of the people was circumvented in an authoritarian manner, including in the electoral process and the distribution of income.

From an essentially agricultural economy originally, we have developed a strong industrial component, and that is the most dynamic factor of the changes that have occurred. Thirty years ago, about 65 percent of our population lived in rural areas and 35 percent in the urban areas. Today the demographic distribution is exactly the opposite. Socially and economically, we are in fact farther away from 1930--when the movement that liquidated the old republic was victorious--than the men of that era from their forebears of several generations.

The population growth has also reached a new stage that alters the solution of the problems: we now number almost 120 million, from that point of view being among the biggest countries in the world. The alarming truth, however, is that of that total, more than 30 percent are deprived of the benefits of the collective effort; 5 million families remain at the absolute poverty level and another 35 million people are included among the needy, incapable of surviving by their own means.

The economic development following World War II, and more acutely since the fifties, is an evident fact. The basic and processing industries became stronger; the school network has been expanded at all levels, although with a loss of quality in some aspects and flagrant distortions in the whole system; suffice it to say that there are 21 million illiterates over 7 years of age.

The growth of the gross national product indicates that we succeeded with heavy sacrifices on the part of the people to create the premises for the building of a happy and democratic country, master of its destiny.

However, the actual situation does not correspond either to the expectations or the needs. Carried out by disorganized and voracious methods, overall progress demanded a high social price which the nation is no longer in a position to bear.

The death rate, health, housing and wage conditions invalidate the supposed results of the wealth produced and curb national potential and capacity of our people.

Three facts come to the fore in the economic and social situation:

1. The enormous vertical concentration of income which polarizes society, creating a small minority of the super-rich over the growing mass of the ever more poor.
2. The great horizontal concentration that creates a chasm between a metropolitan country--the southeast and the south--and the colonial country, made up of the other regions. To aggravate this picture, there are economic vacuums and areas of extraordinary backwardness even in the richest areas.
3. The submission of our economy to the favored multinational companies, from which stems the transfer of important centers of decision out of our borders.

Because they were not corrected in time, those facts transformed the chronic crisis into a sharp crisis.

The foreign debt amounts to more than \$50 billion, at the most optimistic estimate: the interest and the amortization of that debt will require the expenditure of \$15 billion in 1980. Not only does the balance of payments show a deficit but the same is already occurring with the trade balance. At the same time, the internal debt is as or more serious than the foreign debt, being estimated conservatively at half a trillion cruzeiros.

Inflation, the fight against which was defined as the great administrative task of the 1964 movement is record-breaking, eroding salaries, degrading living conditions and destabilizing any production cost planning.

The economic crisis evolved into a social crisis that is manifested in the continual and just demands for wages, the outbursts against the cost of living and in the growth of violence and criminality in urban centers, which have their real cause in the growing poverty, the relative reduction of available jobs and the absence of social justice.

At the same time, the economic and social difficulties evolved into a serious political crisis.

A small group of people is deciding the lives of all of us. The most important mission of our party, therefore, will be to help the people to assume their power of decision. In numerical terms, we are a nation with a large registered electorate but in practice, the governments and government policies continue to be of an authoritarian and oligarchic nature.

The nation has drawn away from the state and the regime does not enjoy the trust of the people, who did not choose it in a sovereign way. The acts of liberalization granted under the pressure of society remain inadequate and palliative and only speedy and real democratic institutionalization will avert the risk of armed conflicts or coups d'etat.

We are entering the struggle, utilizing the possibilities opened to us by current legislation, despite its limited and coercive nature. The present justifies, and demands on the national scale, the unity already achieved in Minas. The gravity of this hour inspired the convergence of leaders separated until yesterday and this alliance has the sense of a broad national convocation. Tancredo Neves forcefully and properly defined from the rostrum of the federal senate the nature of the commitment we are assuming.

It behooves me now to reveal the basic points of the program that we hope to make a reality in the short term:

1. Free, general and direct vote for all elective office, including the federal district; strict adherence to the election schedule, including the 1980 elections; abolition of the provisions that impede the freedom of party organization and of political association; abolition of the mandatory coincidence of municipal, state and federal terms; end to the proscription on election propaganda and revocation of the Falcao Law;
2. Constitutional reform that: a) will restore the prerogatives of congress in initiating legislation; b) eliminate all remnants of the arbitrary system; c) fully assert national sovereignty; d) prohibit party sub-slates [sublegendas];
3. The effective reestablishment of the federative system of government and the consequent correction of sector and regional imbalance;
4. Complete freedom of the press and of speech; exclusive competence of the courts over excesses committed; and abolition of government control of the sources of information;
5. Defense of the environment; prohibition of methods of exploitation that ruin our flora and fauna; defense of the Amazon region, with its occupation and integration into the national economy;
6. Special legislation to regulate the operation of multinational companies with a view to insuring the defense of Brazilian interests; greater control over the remittances of profits and home-branch operations;
7. Restriction of state capitalism to the sectors where it is strictly essential;
8. Redistribution of income on behalf of the municipalities and the states with priority for the development of the Northeast and the other less favored regions, with a view to accelerating their indices of growth and the elimination of the large pockets of poverty;
9. Structuring a new rural organization that will promote the prosperity of the countryside, with the elimination of the unproductive large landholding and the uneconomical mini-landholding and in which special incentives will be created for a policy of food production and of support for

small and medium property-owners; protection of the rural wage-earner, assuring him a guarantee fund and social assistance;

10. Free union organization; abolition of state tutelage over class organs; a policy of full employment supported by a fair wage policy in which the purchasing power of remuneration for labor is always guaranteed and in which will be incorporated the real gains of productivity generated by labor, proportionate to wages;

11. Free student organization;

12. Reform of the educational system with the object of democratizing education, which is a right of all, the state having the duty of guaranteeing it and promoting it at all levels and grades. Improvement of the quality of teaching and its productivity; establishment of middle-level professional courses and priority for primary education;

13. Combat urban violence; defense of individuals and families and social measures that eliminate the factors that generate insecurity in the big cities;

14. Defense of the rights of the handicapped as insured by the 12th amendment of the constitution;

15. Establishment of a broad national health system for the purpose of promoting the eradication of endemic diseases and prevention of communicable diseases; a policy of food and nutrition for the low-income population;

16. Reform of the social security system with the aim of improving assistance to its enrollees and broaden social policy;

17. Banking reform to make the bank an effective instrument of the process of economic and social development of our people and a delegation of the public authority in the predominant interest of the forces of production and labor; a financial policy in which the cost of money--and thus, of interest--will be compatible with the development, the productivity and the profitability of enterprises;

18. Reform of the housing system that will make it possible to provide one's own home, even for low-income families;

19. A policy of redistribution of national income for the participation of the people in the product of their labor and in the benefits of civilization; equal opportunity for all within the principles of social justice;

20. Sovereign foreign policy; respect for treaties and commitments with the democratic world and closer approximation with the countries of Latin America and Africa;

21. Guarantees of transfer of know-how in the contracts with foreign companies and governments; incentives and guarantees for national technology;
22. Real guarantee of equal rights for women and all social minorities;
23. Diversification of the sources of energy with emphasis on the utilization of alcohol and national coal;
24. Coordination of foreign trade activities; greater utilization of state and private trading companies;
25. Revision of the security law and reconstitution of the National Security Council with a view to reconciling it with a democratic state; trial by civilian courts for all military crimes;
26. Policy of protection of children and the elderly.

Due to the inability of its governments, Brazilian society was led into a process that fosters radicalization and needs essential reforms that have always been postponed.

We believe that the crux of that radicalization lies in the concentration of income, the abusive exploitation of foreign capital and the usurpation of the people's right to decide the leaders of the state and the system that most suits them. We reaffirm that where there is no delegation, there is usurpation of power.

We emerge, therefore, as a popular, progressive and nationalist opposition party that aims to gain government power democratically.

As an immediate objective, we will fight for the full restoration of civil rights, for the establishment of democratic institutions and a just social order.

Thus, we address all Brazilians to tell them that together we can transform discouragement and failure into new efforts for better days.

We call on the youth to join the political process, giving it the authenticity of their ideal and the force of their majority presence in national decisions.

We call on women, who at all times have been the support of the great causes and who fight in an unequal status to achieve the place to which they have a right.

We call on the worker not only to build progress but to derive from it, and for all, the benefits without which wealth is sterile.

We call on businessmen who suffer credit restrictions, harsh taxation and the favored competition of state companies and big foreign groups to the common effort in defense of private enterprise.

We call on those sidelined from the benefits of production, because their voice is a cry for social justice.

Finally, we say a word to the nonparticipants--the unbelievers and the remiss--in the democratic process. We remind everyone of the experience of these last 15 years: the governments had everything--our freedom and our silence--and they did not build the general welfare on our patient hope.

Our party, the Popular Party, intends to hear the people and to decide with the people; we will be the opposition to the laws, the structures and the mentality of arbitrariness. From election to election, in the municipalities, the states, the country, we will fight, God willing, to gain power as the presence, the instrument and the image of the Brazilian people.

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CSO: 3001

BRAZIL

BRAZILIAN PLANNING MINISTER DISCUSSES ECONOMIC ISSUES

PY060158 Rio de Janeiro O GLOBO in Portuguese 1 Feb 80 p 19 PY

[Text of speech by Planning Minister Delfim Neto at luncheon given by businessmen in Rio de Janeiro on 31 January]

[Excerpts] It is with great joy that Finance Minister Ernane Calveas and I express our thanks to our dear friend Theophilo de Azeredo Santos [president of the National Banking Association] for inviting us to this meeting. I regard this an an important occasion to discuss our problems and to set the guidelines we will have to follow in the near future and to review our long term objectives. I believe that no one in this country is unaware of the fact that we have three extremely important problems that must be resolved simultaneously if we expect to maintain our national identity.

The first problem is the need to reduce inflation. This is an urgent task to which the entire nation is committed. The second problem deals with our balance of payments, which also has extraordinary significance, and which must be resolved because it hinders our chances to foster our growth. The third problem--in addition to our struggle against inflation and the need to bring our balance of payments to a point of equilibrium--is the need to adjust the Brazilian economy to the oil shortage. Therefore, we have to cope with these problems. Everyone must understand that the government intends to face these problems, that it has set a course of action designed to solve them simultaneously. And everyone must be aware that, though difficult, this course of action is feasible.

Regarding inflation, we have done everything we could. We pointed out earlier this year that there are four basic causes of inflation: First, the soaring deficit in the public sector; second, a major food shortage; third, a certain imbalance in the wage policy; and finally, the increase in the external price of oil. To each of these causes, with the exception of the last one, the government responded adequately with measures which will begin to yield results in a rather short period.

Regarding control in the public sector, I can tell you today that President Figueiredo will enact next Wednesday a proposal of the finance and planning

ministers which virtually eliminates deficits in the public sector, both in the federal budget--where deficits are already nonexistent--and in state enterprises. We have found a financing mechanism which will cover all public expenditures without generating additional inflation. Government enterprises will not generate additional inflation in 1980.

Regarding food shortages, we are implementing an aggressive agricultural policy, and we hope to get results within the next few months. The area under cultivation has no doubt markedly increased, and since we are having quite reasonable weather, we should have a significant increase in food production, which will also contribute to curbing inflation. We were frustrated in the area of black beans, but on Monday we will be launching a program designed to expand the area of black-bean planting during the January-February period, which will be harvested in 4 months.

As for the wage problem, the labor minister submitted a proposal which, after being cleared by the government, was fortunately approved by the National Congress. The proposal reestablished a wage policy which, despite causing some discomfort at the beginning of the struggle against inflation, will yield extraordinary results once we are able to reverse the inflationary trend. This policy has two important goals: First, a reduction of gaps among wage scales; and second, a slow but safe functional distribution of income to benefit wages. I believe that to the extent we are able to implement this policy, to the extent that it continues to gain strength, it will become an important factor in stabilizing prices and in improving the functional distribution of income.

[PY060212] As for the high price of oil, which is one of the causes of inflation, there is no immediate measure that the government can take. We have undertaken a plan to introduce oil substitutes over a period of several years. But this factor of inflationary pressure will have to be lived with, not only in Brazil, but in all oil-importing countries.

The government's strategy in fighting inflation is to raise a series of barriers--barriers which you gentlemen know about through the actions of the interministerial price council. We are trying to reduce the speed of price readjustments and consequently reduce the rate of inflation.

The combination of that price policy with the salary policy should yield results in the short term. We will strictly follow the salary policy in the coming months. This means that salaries will be adjusted at a level slightly higher than price increases, but businessmen need to understand that it will be so for only a short period until, through the same policy, we manage to slow down inflation, and that salaries and prices can later grow again to some extent. This phenomenon should be understood. It is important that everybody understands that this is an adjustment process which will last a few months; that the eventual difficulties, the eventual reduction in profit margins, is only temporary, part of a deliberate process of adjustment implemented through salary and price policies. This is the

only way we can move toward a policy permitting a really lasting reduction in inflation. In this regard we did what we thought to be right, and I believe that sooner or later the results will be seen. Although taking a chance, we set in motion the monetary correction and the foreign exchange correction to provide security for the business sector, so as to convince that sector that the government truly believes that the inflation rate will be reduced and that the second half of the year will show important progress toward a lower inflation rate.

We have also made efforts to alleviate the problem in our balance of payments. We put the entire export policy in the hands of the finance minister, who will conduct that policy by coordinating all government and private sectors so that we may attain the envisioned objective of exporting \$20 billion worth of goods. This is an ambitious but accessible objective, since we will have offers for agricultural products much greater than last year's, and because the industrial sector has the capacity to expand its production.

I would like to stress that we are not making a prediction or a projection, but that we are setting an objective that we must attain, a political objective to be carried out with a determination which is fundamental to make it possible to equalize our trade balance and to attain a level of current account deficit so that the growth rate of our foreign debt can be reduced. In this respect the government also did what it had to do, that is, to simplify the foreign exchange system, to devalue the currency by 30 percent in order to set the stage to fulfill its objectives in exports.

Finally, in regard to the readjustment of the Brazilian economy to the oil crisis, the steps taken have also been important. The Proalcool [expansion unknown] program is on the move, not with the speed we would like because it is also an ambitious program demanding a great coordination effort, but it is nevertheless off to a good start. The Industry and Commerce Ministry is conducting the Proalcool with sure hands, and I am sure that by 1985 we will be producing an amount of alcohol equivalent to 170,000 barrels of oil. We are also expanding the domestic production of coal, and we will initiate the experimental production of wood alcohol. We are also adjusting some industrial sectors--steelmaking, cement and glassmaking--in order to save fuel, and today we can see that, if our oil consumption in the next 4 or 5 years grows at about 8 or 9 percent a year, we will be producing coal in an amount equivalent to 300 or 500 barrels of oil per day by 1984-85.

[PY060220] Regarding the internal sources of alternate fuels, we must understand that the best substitute for oil is oil itself, because all the other substitutes we are discovering are still more expensive. We are already sure that our domestic oil production will amount to 500,000 barrels per day by 1984-85. All the time we are discovering new oil wells which, although small, are adding to our reserves and permit us to estimate a production of 500,000 barrels per day by 1984-85. If we add the 350,000

barrels obtained through substitution to these 500,000 barrels obtained through production, we can see that by 1984-85 we will have a daily oil production of 850,000 barrels, that is, 100,000 to 150,000 barrels short of current daily consumption. If we assume a consumption growth rate of 7 or 8 percent, we will be using 1.3 or 1.4 million barrels per day in 1984-85. This means that in 1984-85, our actual oil imports will be less than today's. This gives an idea of the great effort the country is making on this front.

What is noteworthy about this three-pronged offensive--inflation, balance of payments deficit and adjustment of the economy to oil production--is that, through sheer coincidence, it can be waged with measures that are fully coherent. The expansion of exports, the containment of inflation and the expansion of internal energy production are connected with an expansion of the agricultural sector, with a concentration of effort on this sector, thus making the three policies perfectly compatible. This is why I said before that the road is narrow but passable. We will continue to put emphasis on the agricultural sector, providing all the resources it needs. We will continue to give the agricultural sector the government support necessary to mobilize its idle capacities in order to produce food to help fight inflation internally, to increase exports and to supply raw material for the production of alternate fuel. Brazil is thus adjusting its internal production to new world conditions. Of course in addition to giving support to the agricultural sector, we will also give all possible support to the industrial sector, and I say "possible" meaning that this support will be equivalent to the difference between existing real resources and those which agriculture will demand.

We must however understand that there are physical limitations to what we do. If we really want to wipe out inflation or to reduce it substantially, the outlays should not be larger than internal savings plus current deficits. This is precisely the limit to our capacity to give attention to the various sectors. We must also understand that the greatest restriction to the expansion of the industrial sector lies in the balance of payments. The balance of payments is today the greatest obstacle to the expansion of the growth rate of the gross domestic product. This is the reason the industrial sector must strongly apply itself to exporting if it wants to give its maximum cooperation to the process of fighting inflation, correcting the balance of payments and adjusting the economy to the energy crisis.

[PY060222] If we want to grow at a yearly rate of 8 or 9 percent, we must increase exports at a faster rate. If we want to create more jobs internally, exports must grow faster. This is the key factor to the process of absorption of the available labor and the available excess of productive capacity.

Exporting is a decisive factor in resuming faster growth, even more decisive if we want to grow--as we do want--under a politically open system. The combination of economic viability with political liberalization demands that the country be freed of the restraints imposed by the balance of payments. Brazil is a country which must absorb a huge contingent of labor

and can only do so by growing rapidly. This is why the whole policy turns on facilitating exports, in addition to fighting inflation.

As I said before, the policies meet at this point. They are not contradictory because we are not in a regime of full employment. Since the policies are not contradictory, we can achieve the two objectives--increase exports and curb inflation--simultaneously, and to the extent that the industrial sector and the agricultural sector engage themselves in the production of energy, we will manage to adjust our economy to the difficulties created by the energy crisis. Although it may seem to some people an incorrect proposition, I insist that Brazil is probably the first country in the world to understand that the petroleum problem is with us to stay. We will never again have that inexpensive oil which helped to build the technology of the Western world. We must make adjustments rapidly because 10 or 15 years from now, those who did have the courage to make the adjustments, those who did make the sacrifice to bring about the adjustments, will be in a better position. They will have built a new productive system based on renewable energy sources, not on petroleum. And we who are currently not only rebuilding our economy but trying to build a pluralistic society, a society in which enterprise is combined with political freedom, must think about these questions.

CSO: 3001

PLANNING MINISTER LIMITS MONETARY, EXCHANGE CORRECTION

Monetary Correction Set

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 17 Jan 80 p 25

[Text] Planning Minister Delfim Netto announced yesterday that his year the monetary correction will be limited to 45 percent, the exchange correction to 40 percent, and the expansion of the media of payment, paper currency in the possession of the public, plus demand deposits in the Central Bank, to 50 percent. The presetting of the monetary correction will be made possible by a change in the formula for computing it, which will eliminate past inflation, using only the current inflation components and the annual inflation expectation.

According to a memorandum distributed by the SEPLAN [Planning Secretariat], "the system adopted will substantially reduce the level of uncertainty in the Brazilian economy with respect to variable criteria influencing the decision whether to save or to invest, especially by the private sector. Drawing a distinction between past inflation and future inflation reduces the regeneration factor in the price increase process, creating objective conditions for reversing more rapidly the expectations of inflation."

According to Delfim, the nominal amount of the monetary correction for ORTN's [Renegotiable Treasury Bonds] will from now on be set two months in advance, "thus expanding the decision-making horizon with respect to domestic loans, voluntary savings, and foreign investments and loans." Just yesterday the planning minister signed a directive setting the coefficient to be used in February for ORTN's at 50.833, and for March at 52.714. Consequently, a directive also signed yesterday by Minister Karlos Rischbieter--the last act he signed before he left the post--set the increase in the monthly monetary correction applicable to ORTN's at 4.2 percent in February and 3.7 percent in March. Each ORTN came to be worth 508.33 cruzeiros in February and 527.14 cruzeiros in March.

New Change

Under the system in effect until yesterday, the monetary correction formula used three components--past inflation, current inflation, and a presumed annual inflation rate of 15 percent.

A complex computation system established by Professor Mario Henrique Simonsen during the period when he was finance minister has been replaced by a simpler calculation using only two components--the current, actual inflation rate and a presumed annual inflation rate of 45 percent used for weighting.

However the decision reserved for ORTN holders the option of readjusting their value in accordance with coefficients calculated by the Central Bank, based on the variation of the cruzeiro quotation on the exchange market, to the average rate for the month of issue. This prerogative is guaranteed by decree-law 599 of May 1969.

Hybridism

According to Delfim Netto, "for quite a while we had a hybrid indexing system with only partial correction, and in addition it was subject to the unpredictability of the changes and the annoying collateral effect of projecting two months in the light of past inflation, affecting the regeneration factor."

The minister feels that "the government's idea is to return to a system of complete monetary correction with no changes and with no reducer as soon as inflation has been reduced to levels significantly below the present levels and shows a persistently declining tendency."

With regard to the exchange correction, also preset at 40 percent for 1980, the exchange rate, which will continue to be set through mini-devaluations made at frequent and irregular intervals." That rate setting should be as uniform as possible.

Losers and Winners

With the presetting of the monetary correction at the maximum rate of 45 percent, the Housing Financing System borrowers come out ahead, since their installment payments will increase less, and passbook savings depositors, who will have lower yields on their investments, lose. Furthermore, since a large part of the economy is indexed, there will also be a deceleration in the rise of prices and profits in general.

The government's intention is to discourage high profitability in financial investments, not just to reduce the rate of inflation, but to induce businesses to encourage productive and nonspeculative investments on the financial market, thus reducing their nonoperating profits.

In addition rates of monetary and exchange correction and monetary expansion preset at 40, 45, and 50 percent respectively are compatible with an inflation rate of 45 percent in 1980 sought by the planning minister.

Preset Rates Explained

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 18 Jan 80 p 21

[Text] Planning Minister Delfim Netto stated yesterday that the presetting of the exchange correction rate at 40 percent, the monetary correction rate at 45 percent, and the expansion of the media of payment at 50 percent defines the parameters for the economy in 1980, not aiming exclusively to produce psychological effects, and businessmen who decide to ignore it, betting on an inflation rate of 70 percent this year, "are going to pay a chunk of capital for income tax, since the fixed assets and the working assets will be corrected to only 45 percent."

According to the planning minister, even when the government was beginning to take action against the four basic causes of the inflationary process--public sector deficit, scarcity of food, wage policy, and petroleum prices--and failed to control only the latter, the need to involve the private sector more effectively in the process of reversing the inflationary spiral became apparent.

Delfim asserted that a monetary expansion of 50 percent and an inflation estimated at 45 percent do not mean that the growth of the national product will be only 5 percent, unless we try to make a strict application of the quantitative currency theory. According to the planning minister, this year the PIB [Gross Domestic Product] will grow between 6 and 7 percent, in spite of some pressure on liquidity.

Justifications

Justifying the presetting of the monetary correction rate at 45 percent, the planning minister said that "we cannot permit past inflation to be projected into the future," referring to eliminating the calculation of the correction of an item referring to inflation recorded in the 12 preceding months.

Minister Delfim maintains that with the change in the monetary correction it is easier to eliminate financial speculation and control interest rates. He refused to say that presetting will be in effect in 1981, too, saying that the strategy announced the day before yesterday by the government refers to the current year. "After that, we shall see," he asserted.

Delfim said that there will be no decline in attracting savings, since what is going to prevail is the difference in rates between the various financial assets, in the same way that the preset monetary correction and the inflation estimate of 45 percent will not justify any wage squeeze. The current policy will be followed strictly, using the mechanism of the national consumer price index, which readjusts most of the wages to levels higher than the rate of inflation.

The minister explained that the apportionment of the monthly monetary correction rates throughout the year will not be rigorously uniform, and that the tendency will be to follow the declining rate of inflation. "However," he noted, "all I can guarantee is that at the end of the year it is going to show exactly 45 percent."

He acknowledged that that set of measures will certainly lead to a revision of the investment programs of enterprises, stating that if enterprises were calling for government guidelines in the matter of economic policy, they have just been given. The minister does not accept the position that there was a gap in the ground rules with respect to enterprises that have assets in ORTN's, whose profitability will drop with the presetting of the yield, stating that "that is a marvelous piece of paper and there will be no problem."

Delfim announced that the Economic Fund is going to begin purchasing bills of exchange in order to relieve the sector beginning in February, through a procedure already set up, and for which, in the compulsory deposit area, the Central Bank is studying some changes in order to facilitate the administration of liquidity, which will be tight throughout the year. One of the changes, which Delfim does not consider easy to make, would be the setting of the rate of retirement based on application or nonapplication in the attracting of demand deposits by the banks.

Foreign Trade

In spite of the insistence of the newspapermen, the planning minister assured them that the resignation of Minister Karlos Rischbieter was an act of his own volition and that "in no way was he embarrassing me or the government." In the face of the argument that Rischbieter himself, in the letter that he sent to the president, announced that he would leave in order not to hinder unity in the directing of economic policy, Delfim said that "the opinion is his, ask him, he is alive."

He announced that the new treasury minister, Ernane Galveas, "is going to stimulate foreign trade, and in a very short period of time," assuring that the establishment of the state correction control has no connection with foreign trade. "We shall merely try to avoid the mistakes of 1979 when we announced to the four winds that we wanted to buy agricultural products and the whole sales market joined in price speculation."

However Delfim said that he would not sign the document drafted by Karlos Rischbieter and revealed to the press yesterday, proposing a new foreign trade plan, because it contains suggestions that do not mesh with the guidelines of the president, and among them he mentioned the proposal for the administrative control of imports, returning to the CEXIM [Export and Import Department] system.

Another criticism made by Delfim of the Rischbieter document (which was sent back by the president) refers to the reciprocal import policy, with Brazil buying only from the countries acquiring our products: "It is sufficient to cite the case of petroleum to demonstrate that such an initiative would be completely ineffective."

Delfim stated that the designation of Amaury Stabile to Agriculture and of Ernane Galveas to the Treasury does not mean that their power has been increased, "since both are autonomous, and they are in their respective ministries because of their competence, and they adhere to the guidance of the president, whose directives they merely execute, in their respective departments." And he added: "One thing is certain, they are my friends," asking the newspapermen, "Would you have 12 enemies sitting at one table?"

Political Liberalization

According to the planning minister a possible centralization of economic decision-making would in no way change the process of political liberalization, which in his view also has no connection with the reduction or nonreduction of the inflation indices, "since the liberalization was decided on another plane" and the regime tends to absorb any social tensions resulting from frustration in economic policy."

In spite of the incredulousness of the newspapermen, who insisted that there was a connection between the success of political liberalization and the success of the fight against inflation, the planning minister repeated that "the one has nothing to do with the other," arguing that "if everything turns out right, it will be neutral for political liberalization, and if nothing turns out right, it will be the same."

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CSO: 3001

EXILES SET FORTH VIEWS IN MEETING WITH BISHOPS

Santiago MENSAJE in Spanish Jan-Feb 80 pp 34, 35

[Speech by Jose Antonio Viera Gallo on the occasion of the visit to the Vatican by Bishops Pinera, Hourton, Alvear, Ariztia, Santos, Camus, Tomas Gonzalez and Valdes, where they met with a group of Chilean exiles in Italy]

[Text] Bishops, Ladies and Gentlemen:

In the first place, we would like to express our appreciation for being able to hold this meeting. On the one hand, we have here the Chilean bishops whose efforts for human rights during these difficult years are greatly appreciated, honored and valued by us for their historical significance; and on the other hand, we have Chilean exiles belonging to various political or independent parties, believers and non-believers, all persecuted unjustly for upholding their ideals, forced to live far away from our native land.

The purpose of this meeting is to discuss the theme of the Chilean exile, particularly in Italy, where we have had the good fortune to be warmly welcomed. We remember with great emotion the two letters you bishops sent to all of us Chileans living abroad on Christmas, inviting us to return to Chile, to persevere in our efforts to return, to keep alive our unbreakable ties with our homeland. One of the letters said: "We want to see you return to Chile, without hatred or rancor, with a constructive and cooperative spirit, to work together with those of us who are here, for the good of the country and for reconciliation and peace among all Chileans, enriching our national life with the fertile contribution of your experiences and sufferings. We hope that Chile will welcome you, offer you work and the means for a decent living, and invite you to cooperate in our common tasks."

That is also our most fervent desire.

You bishops know full well that forced exile has always been considered a harsh punishment which is prolonged and renewed day after day. Those who impose such a sanction want the men and women to become uprooted from their surroundings, to endure an existential crisis and a sterile existence. Exile is a daily struggle to maintain one's identity, preserve the firmness of one's

convictions and the will to work for those ideals, and at the same time to give the best of ourselves to the country where we are living temporarily.

In the pain of the separation, the distance, sometimes the discrimination and often the loneliness, there have been and still are many who, throughout the years, have grown as human beings, have matured, overcoming former prejudices and intolerances, and have kept their hopes high. Our intention this afternoon is not to complain to you of the injustice we have suffered, but to inform you directly of our situation. We are trying to continue a contact, a dialog, which will allow us to struggle more effectively to win respect for our inalienable right to live in our own country and to enter and leave it freely. We know that even in Chile there are people who are suffering harsher and more difficult circumstances than ours: "desaparecidos," prisoners, the unemployed, people who are persecuted for ideological reasons, who suffer from discrimination, torture, workers deprived of their rights, in a word, the people. We have not forgotten them. We are telling you about the drama of exile within the general context of our country's situation.

There are about 3,000 Chileans in Italy. There is no precise figure. We do not have the resources to be able to count them exactly. But this estimate seems reasonable to us. Some of us are political refugees, recognized as such by the United Nations and the Italian Government; others left Chile with normal documentation, but later have been prevented from returning by some decree dictated by the regime; others, finally, could theoretically return, but they lack the minimal economic means to do so, and therefore, because of the economic recession policy being implemented, have no way to find decent work in Chile.

After the mis-labeled "amnesty" decreed by the regime in April 1978, for well-known reasons, many of us requested permission to go back at the consulate in Rome, in accordance with the current regulations. The vast majority, if not all the requests, were turned down, even though in many cases the request was for a visit to Chile for just a short time. The refusal was always based on the same thing: "national security reasons." We are convinced that our petitions were not even studied; they were rejected en masse because they came from Italy, a country which has been at the forefront of those denouncing the human rights violations in Chile, and whose democratic political and social forces have taken an attitude of active solidarity with the cause of liberty.

The greatest problem facing Chileans in Italy is finding steady work. Very few have found it. We are in a precarious economic situation, even a distressing one, which makes exile that much more unbearable. The myth of the "golden exile" in Europe should be done away with. There have been many cases of Chileans who have taken their own lives out of desperation, such as Attorney Sergio Gonzalez. Suicide, under such circumstances, becomes one more act of accusation, a final, absurd one, but an understandable form of protest for someone who has lost his faith in life. Painful cases such as that of Mr Gonzalez have also happened in other countries.

However, these cases are not common. The Chilean exile community is politically organized, combative, responsible, dedicated to maintaining solidarity with Chile, and, as I said, suffering gives us strength, perseverance and the fighting spirit. We hope we will be able to contribute our experience and knowledge. Exile also provides an opportunity to make contacts with other cultures, problems, traditions and histories: horizons are broadened.

In this context, before turning the floor over to other speakers, I would like to describe some of the most urgent problems that affect certain types of people.

I am referring, first of all, to the young people who left Chile as children or teenagers and who are unable to return to the country, as if political responsibility could be transmitted from parents to children. The natural confusion anyone feels at that age, together with the values crisis in the consumer society in which they live, often cause them serious identity problems which require great courage and strength of character to overcome. These youths, more than anyone, have the right to return to Chile to study so that they may participate with all other people of their age in the ideals, hopes, desires and concerns of Chilean youth.

Special mention should be given to the women who during these years have been separated from their husbands and are unable to return. They must care for their children under particularly adverse conditions. Exile increases the burden of discrimination that women normally suffer in our societies.

Finally, there are the elderly or senior citizens, who rightfully dream of living out their final years in the land where they were born.

These are some of the problems we would like to discuss this afternoon.

We repeat our thanks for the kindness of the bishops in agreeing to listen to us. We ask that you continue in your struggle to win full respect for human rights in Chile; the return of the exiles should fit into that struggle somewhere. Rest assured that in that struggle you can count on all our support and sympathy.

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CHILE

TIE BETWEEN CHURCH, MARXIST SOCIAL SCIENCE GROUPS REPORTED

Santiago EL MERCURIO in Spanish 13 Jan 80 pp D6, D7

[Text] An agreement was signed on 4 October 1979 by which the Academy of Christian Humanism, an intellectual organization under the Archdiocese of Santiago, "will, as an institution, sponsor and support the research activities that FLACSO [Latin American School of Social Sciences] carries out through its Santiago, Chile, program."

This agreement is the result of negotiations held presumably last May when the Chilean Government repealed Article 27 of Law No. 17328 of 20 August 1970 which granted FLACSO international legality under the same conditions as ECLA. Nevertheless, it is possible that negotiations started earlier since the government had sent a note to the Secretariat General of UNESCO in July 1978 revealing its decision to withdraw from FLACSO.

As will be seen below, the agreement was not easy to reach and there are those who think that it will have consequences for the representatives of the Academy of Christian Humanism. They have been harshly criticized by intellectuals and university personnel closely tied traditionally to the church in Santiago.

The first draft was presented "ad referendum" to the directorate on 5 July 1979 but the directorate asked that it be rewritten. It is quite possible that a memorandum prepared by a group influenced this decision because it told the members of the directorate about the academic and political dangers involved if the Academy of Christian Humanism sponsored the group of "Marxist intellectuals" who control FLACSO in developing postgraduate education and research activities.

The draft was rewritten and some directors were optimistic since the new text limited the prerogatives given to FLACSO in the preliminary draft. Nevertheless, an analysis of its contents shows that the new one is broader and more general than the first and that there is practically no chance for the directorate of the academy to supervise the activities of the international group.

Many professionals tied to the ecclesiastical organization want to know Cardinal Raul Silva Henriquez' reasons for taking under his wing and using his prestige for "members of the Marxist left including members of MAPU [Single Popular Action Movement], PS [Socialist Party] and the PC [Communist Party]. Apparently only one sociologist could be called a Christian Democrat," according to the July memorandum.

There are those who think that things have not gone well for Cardinal Silva Henriquez, especially concerning the recuperation of UC [Catholic University]. It has been said that an episode occurred during one of his last trips to the Vatican which still has not been forgotten in Rome. Jose Joaquin Brunner, then student leader (member of MAPU) and close collaborator of the rector of the university at that time, declared himself a Marxist-Leninist at a Congress of Catholic Universities held in that city.

These same people feel that, since Cardinal Silva Henriquez has little more than 2-1/2 years before he must retire--according to the norms established by His Holiness Paul VI that ecclesiastics must retire at 75--he feels some urgency to have a university-type center under the archdiocese.

Whatever the reasons--from humanitarian ones based on the principles of the academy founded in 1975 to the apprehensions expressed--the fact is that EL MERCURIO verified that there is serious concern among professionals, academicians and students connected with the archdiocesan organization about the agreement with this group of intellectuals devoted to the social sciences. They are called ideologists, not scientists, and sectarians who do not accept the values that inspire the church.

Beginning of a Stormy History

FLACSO was created as a result of an intergovernmental agreement of the Latin American countries at the Latin American Conference on Social Sciences held in Rio de Janeiro in April 1957. According to a document published by the institution, its origin "was a response to the recommendations of the First Regional Conference on University Social Science Education in South America which met in Rio de Janeiro in March 1956 and to Resolution 3.42, section d, of the Ninth UNESCO Meeting held in New Delhi in November 1956."

In 1958, ELAS [Latin American School for Sociology] was founded in Santiago under the direction of U.S. sociologist Peter Heinz who was also secretary general of the institution. Its objective was to teach postgraduate courses in this discipline and carry out research related to the region.

About 7 years later, in 1965, ELACP [Latin American School for Political Science and Public Administration] was founded with similar objectives. The Coordinating Institute of Research was founded in 1970 and ELADEC [Latin American School for Economics] in 1975. The first three schools were located in Chile, the official headquarters of FLACSO until 1975 although this actually ended on 11 September 1973.

During this first period, FLACSO had the support of UNESCO principally; it was under the wing of the United Nations. Nevertheless, it is UN policy that the programs that it has created and supported have to take care of themselves after a certain time if they are really to be useful. Thus, its contributions decreased in 1969 and FLACSO leaders had to obtain funding from the Latin American governments.

A meeting was convoked in Paris--headquarters of UNESCO--in June 1971 for that objective and FLACSO became an intergovernmental organization. Representatives of 19 nations in the region attended the meeting where the statutes were amended to adapt to this new institutional reality.

Governmental Shelter: Left Takes Control

Being generous, it can be said that FLACSO had a certain degree of pluralism until 1969. As the headquarters, Chile appointed the secretary general and had a delegate to the Superior Council. During the administration of President Frei, the secretary general and the Christian Democrat professors who worked there were obviously worried by the Marxist majority.

When Allende came to power, many dropped their masks and the situation became more radical. The arrival of a large contingent of exiled Brazilian intellectuals changed the distribution of jobs in most of the social science organizations. The Chileans and Argentines who, until then, had held most of the jobs were replaced by the Brazilians, very close through exile and with enough ability to organize themselves.

FLACSO was no different. Since the exiles also joined the leftist parties, there was a strange confrontation between nationalities and parties. Nevertheless, the institution was always under the control of MAPU and the PS.

This marked inclination toward Marxism might have been the reason that only 4 of the 19 representatives at the Paris meeting in June 1971 had ratified the agreement a year later. Chile, Cuba, Panama and Jamaica were the only ones that, to a certain degree, carried out the agreement and only two--Chile and Cuba--returned the ratification documents to the director general of UNESCO.

Also the fact that the students at FLACSO included representatives of the most extreme political groups of their respective countries should not have escaped the notice of the governments.

The failure to ratify the agreement emphasized the financial instability of the institution which was again forced to resort to international financing. Contributions came from the Ford Foundation, the IDB, UNESCO and from research that obtained its own funding, but it is said that most of the financing came from the Ford Foundation.

"Cardoso-Labbens" Report

The UNDP which finances projects sponsored by UNESCO periodically evaluates them. In the case of FLACSO, it asked two people recognized for their intellectual ability in the field of social sciences to write a report on its real situation.

Fernando Henrique Cardoso, an indisputably leftist intellectual, and Belgian sociologist Jean Labbens who is called a "progressive" evaluated the activities of FLACSO from its creation until that date, June 1972.

The Cardoso-Labbens report is particularly informative concerning educational and research activities and the recruitment of personnel for the intergovernmental organization.

The section called "Present Situation"--page 2 of the report--stated: "The first thing noticed is expansion of its members. Although the two schools (ELAS and ELACP) only have one level at present, there are 98 students. There are more than 50 professors and researchers in the three organs of FLACSO and more than 30 administrators and assistants. An institution that was still small in 1967 or 1968 has become important numerically in only a few years."

In the authors' opinion, the growth in the number of students can be explained by the high number of requests to enroll in the programs that year --more than 1,000. This led the schools to admit a large number of students "without being able to insure that they would have the necessary financial resources" (page 3).

Pages 3 and 4 of the report continued: "It also seems that hiring of professors, researchers and assistants was due to the strength of the circumstances; people who sometimes had not finished their dissertations were hired for research projects or to teach courses and they became part of the secretariats where they remained after the projects were over. This expansion of teaching and research personnel has had two consequences:

"FLACSO has been isolated. Instead of using international high-level competition as before, it has fallen back on itself and has consolidated relations only with ECLA; and

"Teaching and research are carried out, with few exceptions, by people who are actually advanced students. Some graduates from FLACSO--not always the best--have been transformed overnight into 'superior level' professors without having the experience that this assumes."

The report added: "We find, then, a group that is undiversified in ability and aptitude, practically without hierarchy, but organized into a number of small groups that fight to maintain themselves by continually inventing new projects. The teaching personnel receives a number of benefits: high

salaries (\$500 which, in Chile, is more than the salary of a rector and four to five times that of a professor), importing privileges and status as an international official for those who are not Chilean. This all seems to indicate that FLACSO is the dominion of those who now have the title of professor or researcher. The institution is maintained, not consolidated by hiring more qualified persons. Assistants are hired instead of recognized specialists."

The authors of the report also sounded out the students as a way to verify their own evaluations. "Our talks with the students also indicated that out of the 50 professionals in FLACSO, only 10 contributed effectively to the training."

Apparently, the institution lived on its past prestige. Its members could try to dazzle neophytes and politicians interested in having a Latin American center to train young leaders and to keep their cadres occupied; however, they could not confuse experts in the field of social sciences with the ability and prestige of Cardoso and Labbens nor could they accuse them of partiality for ideological reasons.

The diagnosis is clear: incompetence, improvisation, profiting from the institution and self-protection rather than interest in hiring academicians with international prestige who would benefit the institution.

Referring to the political science school, the authors stated on page 5: "There is a leadership crisis since it is headed by a young person with little intellectual training although with some talent as an administrator." (This last was placed in quotation marks by the authors.)

"The level of the teaching staff seems very low and indications of immaturity can be seen in the projects that the school prepares, especially in public administration."

The report ended saying: "Many of the problems that we have indicated are due to the precarious situation of FLACSO in the past and now. This situation has led to exploitation of any means whatever to hire graduates, including those who were not the best students. Nothing could be more unfortunate but it is understood that the danger could not have been avoided. Also it is this precarious situation which, in our opinion, explains the criticism of ideological monism which has been made at times about FLACSO, particularly one of its schools. Ideology is an easy way to hide professors who are not hired for their competence and students who are not subjected to strict intellectual discipline" (pages 14 and 15). The report is dated 2 June 1972 in Sao Paulo.

Geographic Diversification and Relations with the Military Government

The organization was seriously affected by the change in government in September 1973. Several academicians used their status as international

officials and left the country. Some Chilean and foreign students were arrested and two foreigners were killed.

The plan was to take FLACSO out of Chile to another Latin American nation, but this required amending the Paris agreement. While this was achieved, members of the teaching staff, with help from international officials, devoted their efforts to obtaining ratification of the agreement by other nations like Mexico which provided enough votes for a new agreement. Meanwhile, a program was started in Buenos Aires in 1974 since the Peronist government provided certain facilities. The majority of the personnel was transferred to that city, minimizing the Santiago headquarters. A subsequent change in government in Argentina forced it to seek new horizons.

At a meeting held in Quito at the end of April 1975, a new agreement was signed and FLACSO became a regional organization with several academic seats. In 1976, it began to operate in Mexico City and Quito.

Meanwhile, the reduced headquarters in Santiago included a delegate of the military government on the council: Col Pedro Downing and then Col Alejandro Medina, now minister of health. According to what has been said, relations with President Pinochet's government have been cordial enough. Our country has continued to make financial contributions and some have been significant. Some time ago, the national delegate saved the institution from a financial crisis by obtaining an additional contribution of \$60,000.

Apparently, the conditions in the country and possibly the protection that the "status" of international official gave its members promoted a "return operation." Some of the exiles returned and a group of sociologists who had been expelled from the universities for their participation in political activities or because the centers in which they worked no longer existed was hired.

Under the Church's Wing

As was explained above, the present government through Decree-Law No. 2561 promulgated in the DIARIO OFICIAL on 7 May 1979 repealed Article 27 of Law No. 17328 which granted international legality to FLACSO.

The organization decided to remain in Chile. Since it lacked legality, it looked for an organization that could provide it--the Academy of Christian Humanism. A cooperation project was drawn up in which the participants for FLACSO were its local director, Angel Flisfish, and Jose Joaquin Brunner and, for the academy, its secretary general, Duncan Livingston, and the secretary of finance, Reinaldo Sapag.

This has been confirmed since Flisfish and Livingston signed the first agreement which created a committee in which they would participate along with Brunner and Sapag.

The agreement submitted 'ad referendum' to the directorate of the academy last 5 July established that FLACSO and the academy would form a "studies unit" that would be part of the academy for all legal effects.

The objective of this studies unit would be "research and education in the field of social science" as well as "distribution of written materials that result from the joint academic work."

After learning the terms of the agreement, sectors connected with the academy and the church reacted, presenting a written complaint that that organization had been created in 1975 to establish an academic and Christian environment where intellectuals could work outside the universities.

Nevertheless, "at the end of 3 years of operation, a pro-Marxist minority controls the progress of the institution, favoring activities and projects promoted by the Marxist left and, at the same time--with a few exceptions --systematically delaying the projects and activities originated by Christian intellectuals who do not accept Marxist inspiration."

In the opinion of those who wrote the complaint delivered to the members of the directorate, the agreement had "been slowly prepared but ended by proposing a plan that means giving control of education and research in social and human sciences to the mentioned group of social scientists."

The directorate was also told that the studies unit was practically autonomous and would only give reports on the activities carried out. They added: "It is interesting to note the composition of the so-called Superior Committee of the unit which supervises the activities that this Marxist group wants to carry out autonomously in the field of social and human sciences while enjoying the protection of an ecclesiastical group."

They indicated that the leaders of the academy have stimulated their own circles to orient their work toward the establishment of postgraduate education in order to eventually establish a postgraduate university, or the "Cardinal's university" as it has been called by a weekly.

This objective would be achieved through: FLACSO whose members are almost all Marxists; the PIE [Interdisciplinary Educational Research Program] directed by Beatriz Avalos, a former nun who, it is said, has also joined MAPU; a center for agrarian studies; and a center for economics under Humberto Vega who has the same political orientation.

To the Christian academicians, more serious than the persons or their political choices is the fact that groups of Marxist intellectuals are working under church protection in three fundamental areas: sociology and political science, education and agricultural problems. These areas have had priority for the church and now would be under persons who do not follow its direction but share materialistic concepts totally separate from it.

The protests that we have mentioned and other considerations made the directorate ask that the agreement be rewritten which it was. The second document signed on 4 October 1979 by Duncan Livingston and Daniel Camacho, the Costa Rican secretary general of FLACSO, eliminated the explicit references to postgraduate education, changed the form of relationship between the academy and FLACSO and created a liaison committee.

The Chilean director of FLACSO, Angel Flisfish, called the second agreement "quite similar" in an interview granted to the magazine QUE PASA; however, it seems more favorable to this organization.

In the final agreement, FLACSO does not become part of the academy in a strict sense which limits the possibilities of the directorate headed by Cardinal Silva Henriquez controlling its activities. The academy agreed, as an institution, to sponsor and support FLACSO and to provide, as much as possible, administration services--"including financial resources at times--which are necessary for the development of the research program" of the organization in Chile. The sponsorship will also extend to distribution.

Although postgraduate education is eliminated as an explicit activity, the academy in a temporary article "grants sponsorship to the course on social studies on population given in Santiago by FLACSO and the UN Latin American Demographic Center." The door remains open so that this and other courses can continue in coming years.

The directorate of the academy will be informed by the liaison committee and the director of FLACSO will report at least twice a year to the committee. The first agreement had a duration of 3 years and could be cancelled by either party with 3-months notice. The present agreement will last 2 years and does not include any cancellation clause. Therefore, if the directorate notes that the activities developed by the organization it sponsors do not agree with the academy's objectives and principles, it will have to wait until the end of the agreement to have any real power to impose a correction.

FLACSO Teachers

The concern that we have seen is based on the fact that the list of teachers FLACSO presented to the academy in July included 17 people:

Angel Flisfish, director of the program in Santiago, a lawyer with postgraduate studies in Michigan, United States, who is reportedly connected to the PS; Manuel A. Garreton, UC sociologist who studied in Paris, was director of CEREN [Center for Studies of the National Reality] of the UC and was a member of MAPU; Arturo Leon, an economist with postgraduate studies in FLACSO who also was a member of MAPU; Sergio Gomez, UC sociologist who worked in ICIRA [Agrarian Reform Training and Research Institute] during the Allende administration and belonged to MAPU; Norbert Lechner,

presented as a German political scientist who studied in Fribourg, belonged to CEREN and, it is said, has been tied to extremist movements in Germany; Tomas Moulian, a UC sociologist who studied in Louvain, participated in the program "Improvisation Until Now" and who, it is said, belonged to MAPU; Adolfo Aldunate, a sociologist and master at FLACSO who has worked there since 1970; Carlos Portales, a lawyer with postgraduate studies in Stanford who is alleged to be tied to MAPU; Augusto Varas, a UC sociologist with a doctorate from the United States who also belonged to MAPU; Jorge Chateau, a UC sociologist with postgraduate studies in California who worked at UC and is recognized as a MAPU member; Ignacio Balbontin, a UC sociologist with a doctorate from Louvain. He would be the only Christian Democrat of the group "apparently," according to the document presented last July by the intellectuals who disagreed with the present academy directorate.

The list continues with: Leopoldo Benavides, history professor who joined in 1975; Julieta Kipwood, a UCh [University of Chile] sociologist hired in 1972; Eduardo Morales, a UCh sociologist hired in 1975; Enzo Faletto, a history professor, master in sociology at FLACSO with recognized prestige as creator of the "theory of dependence" and a socialist sympathizer although a moderate; Jose Joaquín Brunner, a lawyer with postgraduate studies in England and a student leader tied to MAPU; and Rodrigo Bano, UCh lawyer and sociologist with known inclinations toward MAPU.

New University Campus

If what Fernando Castillo, former UC rector, announced in an interview with QUE PASA is carried out and a "campus" is created at the present Italian Embassy, more than 50 academicians, mostly Marxists, would work in a single place with the opportunity to devote themselves to postgraduate education. Although not recognized in Chile by the educational authorities, it would be by some foreign universities. An agreement with Notre Dame University under the Holy Cross congregation and Yale University has been mentioned.

All this will be possible due to the protection that they have obtained from an ecclesiastical organization. This makes it appear that it will become more difficult each day to achieve what the intellectuals connected to the academy asked from their directorate: "Control should not be given to any political group or group of a particular orientation but it should be a truly academic institution, strict in the quality which it demands from its members and activities and pluralist in its methods, clearly inspired by Christian humanism."

Nevertheless, it is necessary to keep in mind what a member of the directorate revealed. He felt it was even more serious that a field like social sciences had been abandoned or limited in the national universities so that the only ones cultivating it, even ideologically, are these Marxist groups. "The reaction to this should be the rise of other groups that work in the field of social sciences."

For now, the Academy of Christian Humanism has endorsed and sponsored only this one.

FOREIGN INVESTMENT, GROWTH OF WORK FORCE EXAMINED

Investments Critically Assessed

Santiago MENSAJE in Spanish Jan-Feb 80 pp 36-41

[Article by Carlos Vignolo, researcher at the School of Physical Sciences and Mathematics of the University of Chile]

[Text] In early May of last year there was a round table discussion in Santiago between the Chilean Government and nearly 60 representatives of the Business International Corporation. The latter claims as members 180 of the largest transnational corporations in the world. The explicit purpose of the event was to provide information about the country's economic and political situation to foreign businesses. It pointed out once more the crucial role played by foreign investment in the current economic plan.

The Chilean Government's efforts to attract foreign capital are evident not only in the distribution of information and the "open discussion behind closed doors"¹ of the Chilean situation with investors; they can also be seen in the granting of unusually favorable treatment to foreign capital investments in the country. The reaction of the Business International Corporation to the amendment of Decree Law 600, Statute of Foreign Investment, of March 1977, clearly indicates how beneficial this treatment is: "Chile has laid out the welcome mat for foreign investors with a new law, Decree Law 1748, which is even more generous than Decree Law 600 of 1974, which it replaces. Decree Law 1748 provides a series of almost irresistible temptations and guarantees for foreign investment."²

This statement by the Business International Corporation, and the evidently very favorable treatment to foreign businesses which it refers to, bring to mind a relatively obvious question even for those who are not familiar with economic concepts: Is it possible to grant such favorable treatment to foreign investors and at the same time obtain significant benefits for the country, in accordance with what the latter provides to the investors, for example, in terms of natural resources?

Foreign Investment Statute: Basic Features and Implications

What are the "guarantees" and "temptations" in the Foreign Investment Statute (D.L. 600) which have caused such a favorable reaction in the Business International Corporation?

Principle of Nondiscrimination

One general element which distinguishes the statute in question is the clarification of the principle of non-discrimination between foreign and national investors. In the formal part of the document, the idea of non-discrimination is presented, along with a stipulation of the legal ways in which the businesses can exercise this right. This part is disproportionately long in the Statute; moreover, these points seem to be the most thoroughly and precisely drawn up.

Much more important than that, however, is the fact that the non-discrimination clause ignores an undeniable truth: the complexity and enormous power of the large transnational enterprises, and their very transnational nature, demand that nation-states give them special treatment.

This need to discriminate in favor of international firms³ is even accepted by the highest-level regulatory agencies of the international economic and political system⁴ and is also present in academic and public discussions, as well as legislation, in many countries of the world, both underdeveloped and developed. Some examples of this are: Decision 24 of the Cartagena Agreement, which provides common guidelines for the treatment of foreign capital in the member countries of the Andean Pact; the Organization of American States "Code of Conduct for Transnational Enterprises;" and the increasingly harsh treatment of foreign investment in developed countries such as Canada, Australia and others.

Actually, considering the enormous financial, technological, administrative and political power of the transnational corporations, not discriminating against them in practical terms means strongly discriminating against national enterprises. Furthermore, in some aspects the Statute openly discriminates against the latter, as we will see later.

Tax Treatment

The clause in the new Statute which has received the most favorable response among the members of the Business International Corporation is the one which provides for an unalterable tax treatment for 10 years at a total fixed tax rate of 49.5 percent of earnings, with a single-time option to change over to the normal tax system, the one which governs national enterprises.⁵ This is one of the ways the Statute explicitly discriminates in favor of foreign investment, as we mentioned earlier.

Much more important than that, however, are the implications of a fixed, unalterable tax rate at the level stipulated. These tax conditions may not

appear to be an advantage when applied to a manufacturing business operating in relatively competitive circumstances. However, they are extraordinarily favorable when applied to productive activities which, for many reasons, have high profit margins.

Along these lines, probably one of the most serious deficiencies of the Statute is the fact that it ignores certain peculiar characteristics of the process of generating economic surpluses in sectors where the country has a natural comparative advantage. In fact, this is something even different economic doctrines agree on. It also clashes with common sense, because in these cases the comparative quality of the natural resource is what determines the generation of an economic surplus. The obvious conclusion from this is that the owner of the natural resource is the logical recipient of the surpluses generated; therefore, it is not possible to be content with any level of surplus the country may obtain if it is regarded as a "gift fall from heaven."

This may seem self-evident, but nonetheless the current legislation does not take it into consideration. As we said earlier, this is a serious omission because 90 percent of foreign investment from 1974 to 1978 was in the copper sector, in which Chile has considerable comparative advantages. Chile has nearly 30 percent of the world's copper reserves, concentrated in large deposits; the fine content is greater than the world average; the deposits are generally very accessible; and some of them contain in addition to copper, significant concentrations of other valuable minerals, etc. For this reason, we are justified in referring specifically to foreign investments in copper mining.

In fact, a tax rate of 49.5 percent on profits generated in the exploitation of new Chilean copper reserves ignores, among other things, the fact that from 1952 to 1971 the Chilean Government obtained, through various means, an average of over 70 percent of the surpluses generated in large-scale copper mining.⁶ While the state was obtaining a significant portion of the surpluses, the businesses also earned profits well over what could be considered normal levels. This contradicts the argument that higher tax rates would make copper investments unprofitable for foreign investors.

Just as serious, or even more serious than the setting of an extremely low tax rate is the fact that said rate is fixed and unalterable for a long period of time. We must bear in mind that copper prices fluctuate wildly. For this reason, at certain points in the economic cycle there are significant short-term profits which exceed the profits resulting from the comparative advantages of the resource. It is obvious that in this type of situation the government should try to obtain a greater proportion of the surpluses generated. This is possible, moreover, without affecting the attractiveness to foreign investors. Furthermore, this type of consideration has led to the implementation of progressive tax systems, also known as excess profits taxes or surcharge taxes, in different mining laws throughout the world.

Considering the strong comparative advantages Chile has in copper production, it is easy to foresee that even under normal pricing conditions this law would be giving foreign investors significant profits. During periods when prices rise substantially, surpluses obtained by those investors could be spectacular. By setting a fixed and unalterable tax rate, the Chilean Government is tying its own hands in terms of the possibility of getting a greater proportion of surpluses when such situations arise. This deficiency in the Statute is aggravated by the fact that in the agreements signed by the Chilean Government after the amendment of DL 600, the period during which the tax rate remains unchanged has been extended from 10 to 30 years.

Obviously no foreign investor would be willing to accept a situation in which the state had total discretion in determining the proportion of surplus to be paid in taxes for each period. That is not the point. It is simply a matter of stressing the viability of tax systems which, without being discretionary, would allow the state to continually collect the maximum amount of tax feasible.

Free Transfer of Profits Abroad

Another important advantage for transnationals in the Statute is the lack of restrictions on sending profits out of the country or on the repatriation of capital, except for the condition that the latter cannot take place within 5 years of the date the capital was earned. This provision paves the way for surpluses to be not only appropriated in significant amounts by foreign investors, but also to be sent abroad in their entirety.

It should be noted that today it is common practice in many countries to impose maximum limits on the remittance of profits to foreign countries, such that without limiting the profits of businesses, there is a requirement that such profits be reinvested if they exceed what are considered normal levels.

An example of this is the Andean Pact nations' measure to limit profit remittances to 20 percent of capital for foreign companies which invest in those countries.

Economic Profits vs. Book Profits

The above discussion has concentrated on analyzing the relative distribution of the profits obtained from investments, between the country and the foreign investor. We must determine the expected magnitude of those profits, and their distribution over time. In order to answer this question, it is important to take into consideration the difference between the economic surplus that is generated and the book profit that is determined. While it is to be expected that there will be surpluses from the very beginning of a mining operation, the existence of book profits depends first on a series of elements defined by tax legislation, and second on the degree to which the book values used correspond to the economic values of the same items.

The agreements signed by the Chilean Government with some foreign businesses are, in this sense, unusually favorable to these businesses.⁷ Among the tax concessions granted, the most noteworthy are the clauses on accelerated depreciation and deduction of past losses. The former reduces the period of depreciation of invested capital to less than a third of the normal period. Under the new conditions, most of the investment can be depreciated over a minimum period of 3 years. This means that the invested capital can be discounted from profits in the first years of operation of these investments.

The past losses clause, in turn, permits the losses of the previous 5 fiscal years to be subtracted from profits.

Together, these two clauses imply that businesses would not have book profits until they have totally recovered their invested capital. This is clearly very beneficial to foreign investors, particularly considering that, given the extremely high indebtedness-equity capital rate which characterizes these projects, the capital recovery period is in practice a time of heavy earnings for investors.

More important than that, however, is the fact that these clauses will enable foreign companies to attempt a huge overvaluation of invested capital, such that they will first be able to postpone as long as possible the appearance of book profits (through accelerated depreciation), and second, to appear to have very low overall returns on their investment.

Thus arises the problem of the transfer prices, that is, the valuation of all goods and services the foreign enterprise buys and sells, to and from the parent company or its subsidiaries in other countries.

In this regard, the Foreign Investment Statute opens a considerable loophole for the flight of profits through the overvaluation of inputs, of initial capital assets (including used goods) and of the technological contribution, in the broadest sense of the term (all sorts of studies and technological services of any type).

The fact that in the cases of Exxon and Anaconda the authorized investment amounts are disproportionately high in relation to the level of production that can reasonably be expected from the deposits acquired by the two companies, illustrates this point. For example, Anaconda was authorized to invest up to \$1.5 billion in the Los Pelambres deposit, where on the one hand there are plans to open a mine which will produce about 75,000 tons of copper, and on the other hand it is estimated that the capital cost per ton of installed production, in accordance with national and international standards, will not exceed \$10,000 in any case.⁸ Therefore, it seems that this investment has been overvalued by more than 100 percent, considered in these very general terms. This obviously implies that the period during which Anaconda would appear to be recovering capital would be double the real period. In this manner, the tax exemption could be extended 8 to 10 more years. If we add to that the fact that copper investments mature slowly, even assuming that the investment process itself began immediately, the Chilean

Government would have a hard time collecting any tax revenues from these mines until 10 or 15 years later. And this does not take into consideration the fact that the companies can always overvalue their imported inputs (goods and services) and potential reinvestments.

When the Statute refers to the role of the Foreign Investment Committee in evaluating all the items subject to overvaluation "considering their real price on the international market," it reflects the gross oversimplification that characterizes the analysis of the great multinational corporations and the markets, particularly the technological markets, where they operate. A serious attempt to evaluate and negotiate equipment, technology and inputs requires a political will and a bargaining power that would be difficult to obtain for a "subsidiary" state such as the one some are trying to build in Chile. Strictly speaking, lacking this political will and bargaining power, the expected results for Chile would not vary significantly, even if the Statute were less liberal. Even if the tax on profits were higher, or there were a limit on the remittance of profits abroad, the effect would not vary significantly if the companies could mobilize their surpluses (through the above-mentioned transfer prices), for example, towards countries where the tax rate is zero or almost zero, and the restrictions are non-existent or almost non-existent (the so-called tax havens, of which the most well-known is Bermuda).⁹

Establishment of Mixed Corporations

It might appear that the above is valid only in cases in which the foreign investor owns 100 percent of the mining operation. In fact, the government has sometimes defended itself against criticism by arguing that the state has also participated in mixed corporations with foreign investors.

Unfortunately, all this applies equally in these cases, with the added disadvantage that the state has evaluated the natural resources which it has contributed as its share of the capital in a way which ignores the basic principles of economic analysis.

To give a specific example, the evaluation of the Quebrada Blanca deposit was done in the following manner: it is estimated that the amount of investment required is approximately US \$500 million; it is determined that the equity capital of the mixed corporation will not exceed \$50 million (with an implied indebtedness-capital rate of 9.1), and that the Chilean Government, "through one of its agencies, will contribute the mining property known as Quebrada Blanca by way of subscribing and paying its 49 percent of the stock or rights to the new corporation to be formed."¹⁰

This means that the Quebrada Blanca mining reserves are valued at US \$24.5 million, independently of the size of the reserves and their comparative quality in terms of the fine content.

By way of example, if the indebtedness-equity capital rate were 4.1, as in the case of Andacollo, the Quebrada Blanca reserves would have been valued at exactly double the amount.

The above, which is also valid in the case of the Andacollo mine and the sale of Disputada de Las Condes, also clearly shows that a full knowledge of the size and quality of the natural resources is a sine qua non so that any decisions made regarding them will provide benefits to the country in accordance with the comparative advantages of those natural resources.

It is scandalous that while the official reserve figures for Disputada that were reported before bidding on that deposit were 400,000 tons of fine copper, the figures published by Exxon after the sale was finalized reached more than 6 million tons of fine copper: 15 times the official figure.¹¹ A similar situation would be prevailing in the case of the Los Pelambres mine. After buying that deposit for US \$20 million, the president of Anaconda said: "Under current conditions the deposit is not profitable," but he expressed confidence, "based on the preliminary studies of our geologists, that the deposit will be larger and the copper content greater."¹²

The return of Anaconda to Chile involves other behind-the-scenes activities that deserve special attention. In the first place, there is the fact that a deposit the size of Los Pelambres (similar in size to El Salvador and Andina) was bid on by a group of private businessmen, pressured, as the group's representative admitted, "by the increase in mining patents" and "by the state's lack of interest in buying those holdings."¹³ In the second place, we must bear in mind that Anaconda is laying its hands on a rich Chilean copper deposit by paying only a little more than 10 percent of the US \$188 million that the Chilean Government agreed to pay it for the nationalization of Chuquibambilla in 1971 (by April 1979 Anaconda had already received US \$99 million).

Final Comment

The above facts clearly show that the foreign investment policy is extraordinarily "permissive," and that for this reason the country can expect very poor results from the implementation of this policy, particularly when applied to investments in sectors with high comparative advantages such as the copper sector.

The seriousness of the implementation of this legislation, in terms of its implications for the country, should be seen in terms of the "success" it has had in attracting direct foreign investment. This opens up a new and interesting facet of the problem, which we will only cover briefly here due to a lack of space. Despite the "irresistible" treatment offered, it happens that in recent years foreign investment in Chile has been relatively poor. In fact, even though authorized investment as of June 1979 totaled \$4.15 billion, the amount actually invested was only \$500 million,¹⁴ a figure which corresponds to a large degree to stock purchases and not to the initiation of new productive activities (90 percent of the total authorized investment corresponds to the mining sector).

There are three conclusions that can be drawn: first, that the assurance that a given treatment will remain over time is as important or more impor-

tant to foreign investors than the attractiveness of that treatment; second, that the main attraction of Chile continues to be copper; and third, that the multinationals' interest in this mineral should be understood in the context of a strategy for long-term control of the strategic resources of the world.

In this regard, it is interesting to note that three of the multinationals that are interested in Chilean copper are large petroleum enterprises (Exxon, Atlantic Richfield and The Superior Oil Co.).

From that point of view, it is not surprising to note the slow rate which foreign investors have imposed on the investment process. Furthermore, this jibes with the fact that the various investors have been guaranteed a period of up to 12 years to undertake their investments. It is also consistent with the delaying tactics which have characterized the actions of some of these enterprises.¹⁵

In sum, the urgency the investors seem to be attributing to the development of Chilean copper (motivated by strategic reasons and by their assessment of the risk) would seem to be much less than the urgency the country should attribute to that development.

This is especially serious for the country when we consider that Chile undeniably has the capacity to expand its copper sector by itself. It is clear that Chile has the technological capacity to do it. Not only has the Copper Corporation (CODELCO) proven itself to be one of the most efficient state-run enterprises of the world,¹⁶ but some of the foreign enterprises that have been attracted by our copper are even resorting to techniques developed by Chile to run their operations.¹⁷ The latter proves, moreover, that foreign investors do not necessarily provide the technology.

In addition, it has been proven empirically--and this is confirmed by the indebtedness-equity capital rates that some multinationals are pulling down in Chile--that the foreign investor does not supply the majority of capital either. It is undeniable that CODELCO has a large debt capacity, which to a large degree is independent of the rest of the Chilean economy's debt capacity.

We are not trying to deny the role that foreign investment can play in under-developed countries such as Chile. We are simply insisting on the need to formulate policies in this regard that take into consideration the distinctive characteristics of different productive sectors, and adequately evaluate the costs and benefits associated with different alternatives.

Under certain circumstances, it will probably be convenient for the country to have foreign companies participating in the exploitation of our copper.

The decisive element to make sure that the development of our main natural resource benefits the majority of the population is the existence of a government with the political will and the technical capacity to accelerate

the development of that exploitation and to appropriate the surpluses generated there and redistribute them in accordance with the nation's most urgent needs.

FOOTNOTES

1. REVISTA ESTRATEGIA, Vol. 1, No. 16, May 1979, pages 8 and 9.
2. BUSINESS LATIN AMERICA, 30 March 1977, p 103.
3. In the text the terms multinational corporations, transnational enterprises, international firms and others are used interchangeably.
4. See, for example, United Nations, MULTINATIONAL CORPORATIONS IN WORLD DEVELOPMENT, ST/ECA/190, New York, 1973.
5. Foreign Investment Statute, DL 600, amended by DL 1748, Title II, Article 7.
6. Approximate calculations based on figures contained in French-Davis, R. "La importancia del cobre en la economía chilena" [The importance of Copper in the Chilean Economy], in EL COBRE EN EL DESARROLLO NACIONAL, CEPLAN, 1974.
7. For example, the contracts signed with Noranda Mines Ltd. for the exploitation of the Andacollo deposit and with The Superior Oil Co. and others for the exploitation of the Quebrada Blanca mining property.
8. In statements by the mining minister quoted in EL MERCURIO on 8 July 1977, the figure of \$6,000 to \$7,000 is given as an investment cost for each ton of annual production installed capacity of copper.
9. See, for example, Ward, Michael. "Accounting for the Missing Millions: The Case of Tax Havens."
10. Agreement signed by the Chilean Government with The Superior Oil Co. and others.
11. Figures from WORLD MINING (Feb 78) and EL MERCURIO (27 Jan 78). See E. Tironi and J. Barria. "La Disputada: de la ENAMI a la Exxon" [La Disputada: from ENAMI to Exxon], MENSAJE magazine, No. 271, Aug 78.
12. EL MERCURIO, 11 May 79.
13. EL MERCURIO, 4 Oct 79.
14. Foreign Investment Committee.
15. Concerning problems with Noranda, see, for example, LATIN AMERICAN COMMODITIES REPORT, 7 Sep 79.

16. See FORTUNE magazine, 9 Apr 79.

17. For concrete evidence of this, and for a more extensive discussion of the overall problem presented here, see the articles by P. Meller in QUE PASA magazine, No. 421 and No. 427.

Stagnation of Employment Seen

Santiago MENSAJE in Spanish Jan-Feb 80 pp 42-45

[Excerpt from an article by Patricio Meller, Rene Cortazar and Jorge Marshall which originally appeared in COLECCION ESTUDIOS CIEPLAN 2, Jan 1980]

[Text] Employment trends during this decade is one of the economic issues that have attracted the most attention in recent years. The lack of comparable statistics on a national level, however, has often resulted in inaccurate statements and assertions regarding this problem. The purpose of this article is to fill the void of information on employment by publicizing the employment statistics for 1974-1978 in Chile.

Normal Figures

In recent years statements have been made suggesting that the Chilean economy is generating spectacular employment growth rates. "People who have jobs have ostensibly grown in number in the last 3 years; from September of 1975 to September of 1976, employment rose by 6.8 percent; from September of 1976 to September of 1977, employment gained another 9.8 percent; from September of 1977 to September of 1978, employment jumped 5.8 percent." "Employment has grown consistently with increases of about 180,000 people in the nation during the year (1977)." "In Santiago just in the last 3 years (1976-1979) 240,000 new jobs have been created."¹

There has been a tendency to infer from the above statements that employment in Chile has been growing since 1975 at a rate of nearly 7 percent a year, which would mean the creation of about 200,000 new jobs per year. At the same time that employment has supposedly been increasing at such a high rate, as of 1975 the rate of unemployment has been reaching levels greater than any the Chilean economy has ever seen; in fact, since 1975 the unemployment rate has been more than double the rates observed during normal periods (the sixties).²

To understand how spectacular these official estimates of jobs are, we must analyze them in light of what happened in the past. During the sixties, the annual growth of employment was about 2 percent, which implied the creation of 55,000 jobs per year for all of Chile. In general, it could be said that the 2 percent annual figure is a good indicator to retain, with regard to the annual growth of employment, the labor force or the population. Thus, the above-mentioned assertions would suggest that the real growth rate of employment was more than three times normal or historic rates.

Employment and Production

The comparison of the alleged current rates of growth in employment with the historic rates is undoubtedly surprising. However, there is another comparison which is also significant. In all economies there is an association between what happens with employment and what happens with production. Although this relationship varies from country to country and time to time, what does seem to be a historical constant is the fact that employment, at least in the medium term, tends to fluctuate significantly less than production; that is, if production rises, for example, by 2 percent a year, employment should grow at a lesser rate. This requirement, however, is not met by official statements on what has happened with Chilean employment. From 1974 to 1978, total production has increased at about 1.5 percent a year; it would be expected, then, that employment would grow at a slower rate.³

What has actually happened is that these official interpretations have made inadequate use of some sources of information. The mainstay of assertions regarding the spectacular rates of growth in employment is made up of figures for Greater Santiago. Two different methodological questions emerge from this situation, which are not mutually exclusive: 1) The measurement of employment growth in Greater Santiago absolutely requires a knowledge of the population of Greater Santiago; if the growth of the population of Greater Santiago is overestimated, then employment growth will inevitably be overestimated as well. One major unknown quantity in determining the population growth of Greater Santiago is the flow of domestic migration (from the provinces to or from Greater Santiago); this problem will only be resolved when the 1980 Population Census is completed; 2) The second methodological problem is the need to know to what extent employment trends in Greater Santiago represent what is happening throughout the nation. This is an unresolved problem, and as far as we know there has been no research on this subject.

Objective of Study

What is really interesting from the point of view of the unemployment problem and the creation of jobs (as well as other economic problems such as inflation, economic growth, etc.), is what is happening throughout Chile, not just in Greater Santiago. For this reason, this study is oriented basically toward national-level employment statistics. Moreover, a national study would not face the problems of methodology that hold true in the case of Greater Santiago; in fact, on the one hand possible errors of estimating the total population are reduced significantly and the incidence of error is minimal, and on the other hand, the problem of measuring domestic migration has no impact on a national level.

The purpose of the study is simply to compile reliable statistics on the development of employment on a national scale. For this purpose, two types of statistical sources are used: 1) Sources with primary information such as the Population Census and the National Employment Survey; these sources

of information are put out by the National Statistics Institute (INE), a subsidiary of the Ministry of Economics; and 2) Sources with official information put out by the National Planning Office (ODEPLAN), of the Finance Ministry, "Exposicion sobre el Estado de la Hacienda Publica" [Report on the State of the Public Treasury], January 1979, and "Encuesta Socio-Economica" [Socio-economic Survey] (EDE-SEC).

Principle Results

The result of this work in terms of the most reliable figures on the development of employment in Chile, can be seen in the following charts:

Chart 1

Total Population, Population 12 Years or Older, Labor Force, Employed and Unemployed. Chile: 1970, 1974-1978

Final Figures (thousands of persons)

Years	Total Population	Population 12 Years or Older	Labor Force	Employment	Unemployment	Unemployment Rate (%)
1970	9,367.6	6,455.6	2,950.1	2,770.1	180.0	6.1
1974	10,026.1	7,161.1	3,189.6	2,896.2	293.4	9.2
1975	10,126.4	7,339.1	3,169.8	2,743.5	426.3	13.4
1976	10,371.9	7,515.0	3,139.8	2,628.0	511.8	16.3
1977	10,550.9	7,691.5	3,197.4	2,750.7	446.7	14.0
1978	10,732.9	7,866.7	3,307.2	2,845.8	461.4	13.9

Sources: National Statistics Institute, ODEPLAN and Latin American Center on Demography (CELADE).

Chart 2

Employment Growth in Chile
(Average annual growth rate in percentages)

1960-1970	1974-1978
2.08	-0.4

Sources: 1960-1970, Finance Ministry, "Exposicion sobre el Estado de la Hacienda Publica," January 1979. 1974-1978, Chart 1.

The figures contained in these two charts show that: 1) The employment growth rate for the period 1974-1978 is practically null; in fact, as can be seen, the 1978 employment level is slightly below the 1974 employment level. 2) The 1978 employment level is only 2.73 percent higher than the 1970 employment level. 3) The growth of employment during the period 1975-1978 is 1.23 percent a year, which is far below the 7 percent yearly figure indicated in the official interpretations.

In other words, from 1974 to 1978 there was stagnation in employment; this means that during those 4 years, the number of jobs generated practically equalled the number of jobs eliminated through the anti-inflation policy or the strategy of increased foreign trade, or the shrinking of the public sector.

Real Social Cost

Now, if the Chilean economy had generated jobs at the same rate as it did during the sixties, the 1974-1978 period should have seen the creation of nearly 290,000 new jobs; on the contrary, what happened during that period was a drop in the number of job openings by 50,000, which meant that the social cost of the economic policies applied was a loss of nearly 300,000 jobs in the Chilean economy from 1974 to 1978. In addition to this social cost there is the fact that from 1976 to 1978, among the jobs created in the Chilean economy were at least 120,000 people "employed" in the Minimum Employment Program who were actually receiving a monthly income less than \$30.00.

In light of the results of this study, we can explain the high unemployment rates that occurred during recent years. The working-age population has grown by 10 percent from 1974 to 1978; on the other hand, employment has remained practically constant.

In the original study there is evidence that verifies the reliability and consistency of the figures that appear in the above charts. A brief summary follows.

Reconciling with Other Sources of Information

In this section we will examine in particular the figures obtained for the annual employment series for Chile as a whole, as indicated in Chart 1.

Chart 3 compares the employment information of Chart 1 with direct information available in other publications. For comparison purposes, three different indices of the development of nation-wide employment are provided for the 1970-1978 period. The first column comes from Chart 1. The second column corresponds to the data from the home surveys conducted nationally by the INE. The employment index of the third column corresponds to a "national employment index" compiled by the INE; this index comes from the quarterly surveys of private enterprises and public institutions carried out by the INE, whose main objective is the formulation of the Wage and Salary Index.⁴

Taking 1970 as a point of reference, Chart 3 shows the following:⁵

The three employment indices in Chart 3 have, in general, the same order of magnitude. Using 1970 as a base year, the three indices show that 1977 had an employment level below that of 1970. Finally, while this study concludes that employment fell at an annual rate of 1.72 percent from 1974 to 1977,

the INE surveys of private businesses and public institutions suggest that the drop in employment from 1974 to 1977 was considerably greater: 5.2 per cent a year.

In conclusion, it is worth asking how these employment growth statistics for Chile as a whole can be reconciled with those of Greater Santiago, compiled from the employment and unemployment surveys conducted by the Department of Economics at the University of Chile. As the original study shows, the majority of the difference can be explained by differences in the rate used: in terms of the population growth, as we said in the beginning, the national population growth statistics are obviously more reliable than those used for Greater Santiago.

Chart 3

Employment Indices. Chile 1970-1978

(1970 = 100)

Years	This study's index	INE home surveys	INE surveys of private businesses and public institutions
1970	100.0	100.0	100.0
1974	104.6		115.3
1975	99.0	96.2	108.0
1976	94.9	97.1	99.4
1977	99.3	97.9	98.3
1978	102.7	103.5	

Sources: Column 1, Chart 1. Column 2, INE home surveys. Column 3, Employment index, INE Statistical Report.

FOOTNOTES

1. These statements were made by different government economic authorities, and were quoted in EL MERCURIO, 4 Oct 1978, 24 Jan 1978 and 18 Aug 1979, respectively.
2. See F. Meller, "La tasa de desocupación y el crecimiento del empleo" [The Rate of Unemployment and the Growth of Employment] MENSAJE magazine No. 279, June 1979.
3. This relationship between production and employment can be changed when there are structural changes of a significant nature in the economy. As we will show later, during this period production increased while employment fell. This situation has been influenced by changes such as the shrinking of the public sector.

4. Another source of information in addition to those mentioned is the ODEPLAN national employment estimates for the 1970-1978 period. However, these estimates contain serious errors for the years after 1970; these errors are due to the fact that ODEPLAN makes the arbitrary assumption that the rate of participation is constant after 1971. Although ODEPLAN uses an adequate participation rate for 1970, as a result of data supplied by CELADE, all empirical evidence available indicates that the rate of participation has fallen instead of remaining constant, since 1971.
5. Note that an important part of the discrepancy between the figures of this study and those of the INE for the 1975-1978 period is due to the fact that this study's figures are based on 30 June of each year, while the INE statistics are based on November of each year; in numerical terms this means a difference of about 30,000 people. The INE data are quoted only for those years when they are available.

8926

CSD: 3010

CONTRABAND ARMS SHIPMENT FROM ARGENTINA INVESTIGATED

Guayaquil EL UNIVERSO in Spanish 23 Jan 80 p 3

[Text] (SENDIP [National Public Information Secretariat])--The general director of customs, Efren Baquerizo Campos, has ordered a complete investigation of the smuggled arms from the Republic of Argentina discovered in the customs warehouses at the Mariscal Sucre Airport, in Quito, the illegal entry of which into the country was attempted as "replacements."

The shipment, consisting of 125 22-caliber revolvers of the Bagual brand and 96 Bersa brand pistols of the same caliber, was discovered when the former storekeeper for customs in Quito, Alberto Lascano, was trying to put the containers into a rented vehicle. Lascano had been laid off a month ago, but he was still on the job until he could be legally replaced.

The Suspicion

Baquerizo Campos stressed the fact that the contraband was discovered by the chief of customs appraisal of the capital, Segundo Granja, who lives near the airport. At 0630 hours in the morning, he noticed Lascano, acting in a suspicious manner, removing the containers from the warehouse to put them into a rented car, in collusion with other individuals, all of whom managed to escape.

He emphasized that both Lascano and the other persons involved in this illegal act would be held and subjected to criminal procedures, and that if any customs officials were implicated they would immediately be sent to jail and dismissed, without detriment to the aforementioned penalties. He added that the action undertaken by the government and the authorities to impose ethics on public administration for once and for all would be unyielding.

Link

Moreover, the Ministry of Government also ordered an intensive investigation, stipulating that the weapons which arrived be placed at the disposal of the ministry, inasmuch as, according to an official communique, "there is a possibility that the contraband that was intercepted may be linked, either directly or indirectly, with the disorders and disturbances that have occurred recently, for which the government has blamed extreme left and extreme right wing agitators."

BRIEFS

CEPE UNDER-FINANCED--Quito--The Ecuadorean State Petroleum Corporation (CEPE) announced that the institution's budget is suffering from under-financing in the amount of approximately 2 billion sucres. The report was made in connection with the explanation that the corporation's preliminary draft budget could not even be sent to the Budget Committee of the National Chamber of Representatives, despite the fact that it is ready, because it has been subjected to another revision which might afford options for covering the aforementioned lack of financing. The CEPE emphasized that the high degree of under-financing stems from the implementation of the sudden measure freezing the income of the participants in oil exporting. Prior to this ruling and its implementation, the deficit amounted to 1,486 billion sucres. [Text] [Guayaquil EL UNIVERSO in Spanish 19 Jan 80 p 5] 2909

CSO: 3010

THREE UNITED LEFTIST GROUPS ISSUE 'COORDINATION' MANIFESTO

Managua BARRICADA in Spanish 13, 14 Jan 80

[Part I: 13 Jan 80, pp 1, 2]

[Text] At a clandestine press conference held yesterday morning somewhere in El Salvador, three of the leading revolutionary leftist organizations in that country announced the creation of an entity for revolutionary coordination among their national directorates, to give a unified impetus to the Salvadoran people's struggle. Present at the conference were top-ranking representatives from the Farabundo Marti Popular Liberation Forces (FPL), the Communist Party of El Salvador (PCS) and the Armed Forces of National Resistance (FARN). We are reprinting below, in its entirety, their joint manifesto addressed to the Salvadoran people, and to the peoples of Central America and the world.

1. Revolutionary Unity, a Conquest by Our Heroic People

We, the Farabundo Marti Popular Liberation Forces (FPL) and the Communist Party of El Salvador (PCS), fully aware of our historic responsibility, and of the fact that unity is an essential step toward the victory of the people's struggle, have resolved to establish an entity for revolutionary coordination among our national directorates; and we have pledged to start a process of increased coordination of the policy and struggle of our three organizations.

This resolution is aimed at progressively attaining the highest and most complete levels of unity; and it is open for the incorporation of the other revolutionary organizations in our country.

We are firmly convinced that the Salvadoran people must combine all their forces in order to liberate themselves; they need the combative unity of their revolutionary forces, their democratic forces, and all their patriotic, sincere and progressive men and women.

The establishment of this coordinating entity is a critical step, and a decisive contribution toward rescuing the fatherland from oppression,

injustice and imperialist domination, and for winning liberty, social justice, genuine national independence, the people's liberation and peace.

The unity of our organizations will multiply the might of our people; and it will affirm their patriotic destiny as the time of their liberation approaches. This is why we have concluded this agreement, responding to a desire on the part of the Salvadoran and Central American people, and a demand from increasingly larger sectors.

II. The Historical Roots of Our Struggle

The heroic struggle being waged today by the Salvadoran people has deep historical roots. The difficult and glorious feats of our people date back to the era of stubborn resistance to the Spanish yoke, and countless battles fought for independence, for their right to land, bread and education, on behalf of democratic liberties, against Yankee imperialist domination and for the final triumph of their revolutionary aspirations.

The struggle for independence from Spain and against the annexation of Central America by the Iturbide empire; the insurrection of the Nonualcos, headed by Anastasio Aquino, to win equality and end the cruel exploitation by the landholders; the enthusiastic incorporation into Morazan's glorious army to topple the power of the conservative reactionaries and to unite Central America under one liberal, democratic banner; the participation with the fraternal peoples of the Isthmus in the war against William Walker, a mercenary serving Yankee expansionist and subjugating ambitions, in an attempt to seize control of Central America; the peasants' resistance to the plundering of communal farms and land: these are the leading milestones in the people's struggles of the last century.

On the basis of these democratic traditions, the Salvadoran people fought during the present century against the barbarous 14-year rule of the Meléndez Quinonez family; their finest sons, led by Agustín Farabundo Martí, joined the glorious struggle of the general of free men, Augusto César Sandino, against the North American invaders, and rose up in the 1932 worker-peasant insurrection, drowned in the blood of 30,000 workers. The military and popular insurrection, and the general strike of April and May 1944, led to the overthrow of the Martínez tyranny; the battles on the plains of Ahuachapán against the tyrant, Osmin Aguirre, in December 1944; the combative mobilizations which destroyed the tyrannical government of Colonel Lemus; and the constant, heroic struggles of the workers, peasants, teachers, employees and students, to claim their rights, successfully opposed and are opposing the gory escalating repression started by the military dictatorship. These incidents demonstrate our people's incessant battling, and summarize their combative tradition.

During recent decades, the list of the heroic revolutionaries who have died in the struggle has become endless: Saul Santiago Contreras, José Dimas Alas, Felipe Peña, Clara Elizabeth Ramírez, Lyl Milagro Ramírez,

Manuel Rivera, Rafael Arce Zablah, Rafael Aguinada, Victor Manuel Sanchez and so many others, some well known and the majority anonymous who have sacrificed their exemplary lives for the just cause of the people's liberation, and whose sacrifice will enable millions of Salvadorans and the future generations to enjoy a just society, without exploitation or poverty.

Our organizations are the heirs of those patriotic, democratic and revolutionary traditions of our people, of the humble and exploited ones. We have come into existence and have developed under the incessant attacks from the most pitiless foes. We have lived in close, inseparable association with the vast majorities; we have grown, and have become strengthened by their moral and material support. That is why they have been unable to destroy us, and will not be able to do so. We comprise the most staunch and conscious defenders of the fatherland and the people and, with the other people's organizations, we are the result of this long, historic battle.

This is how we have reached this decisive period in the nation's history stronger, more experienced, more resolute and better trained to organize and lead the final victory of the Salvadoran people's struggle.

III. Ending the Peaceful Solution, the Oligarchy Imposed Violence on the People

During the past 25 years, and particularly since the end of the 1960's, the Salvadoran people's struggle has become more constant, systematic and organized, as well as more conscious and combative.

Throughout this intense period, our people resorted to peaceful methods, seeking to use the means which the Constitution ostensibly offered them for converting the society for the benefit of the vast majorities. Upon taking part in the elections, fraud, force and repression were what the people received as a response. The oligarchy, and its military and political agents and tools, ended that peaceful course, precluding the possibility of the Salvadoran people's attaining their historic desires and goals without shedding their blood.

That historical experience was not futile: The vast majorities thus received their apprenticeship in the irreplaceable school of their own harsh experience. They realized that the transformation of the country, liberty and social justice could only be won by seizing power from the insatiable fist of big exploiters, hangmen and traitors; and that it is necessary to fight for that goal, taking up arms and exercising the most legitimate and supreme right of all people: the right to revolt.

The Salvadoran people did not seek violence; it was imposed on them by the oligarchy and its obedient, criminal military tyranny. Added to the violence of the prevailing system, which dooms the workers to hunger, poverty,

illiteracy and unemployment, which kills our children with malnutrition, and which denies our population the most fundamental rights, is the constant military aggression against the unarmed people, especially by the security forces (recall, for example, the cases of Chinamequita, La Cayetana and Tres Calles in 1974). Carrying out what they call a "war of counterinsurgence," they have tried to drown in blood all the desires and struggles of the vast majorities.

This made our people aware of the fact that there was no recourse left to them other than to arm and organize themselves in order to repel that aggression and thereby defend their struggles and conquests, and their right to transform the society.

In this way, the armed struggle became joined in a general, indissoluble way with the political struggle for demands. The revolutionary guerrilla movement was created and proliferated; the masses' organs of self-defense multiplied on a vast scale, until the creation of the militia, and the initiation of the construction of the people's army. Now, revolutionary violence in all its aspects is a right which has been irrevocably acquired by the Salvadoran people!

The oligarchy and its front men are now hypocritically calling for "peace;" they want our people to be resigned and to bend to their cruel domination, and to accept the sell-out and plundering of the fatherland without protest.

They want to impose that peace with slaughter, missing persons, imprisonment and banishment; it is the peace of cemeteries. We, the FPL, RN and PCS, are struggling with the people for a peace with justice, independence and liberty, and hence a strong and lasting peace. Together with all the people, we shall win that just peace by fighting.

IV. The National Crisis Is Deepseated, and Cannot Be Resolved with Stopgaps and Massacre

The Salvadoran society at present is set up so that a few live in wealth, the imperialist powers can plunder us in peace, and a few can establish their merciless domination. But those socioeconomic structures are now in a state of deepseated crisis.

A crisis is affecting the relations of ownership, production and distribution of wealth; commercial, financial and technological dependence on imperialism; and the exploitation by the multinationals established on national soil. The economic crisis besetting the entire capitalist world is exacerbating the national crisis.

Also in a state of irremediable crisis is the military dictatorship that has oppressed us for 48 years, setting itself up as a guardian of the oligarchy and of imperialism. For a long time, the people have refused to be dominated by this gory military dictatorship.

[Part II: 14 Jan 80, p 7]

[Text] The political crisis has worsened the economic crisis, accelerating the flight of capital and producing stagnation, and even retrogression in the nation's economy.

The ruling classes' traditional legal and ideological tools for influencing and subjugating the working masses have been destroyed. Increased rebellion by the people is the sign of our times.

For all these reasons, the ranks of the ruling classes themselves and of their military apparatus have been split.

The heroism of the people's resistance and combat has defeated the solution to the crisis which the bourgeoisie attempted to impose with a fascist, or fascist-oriented type of domination, based on the repression and bloody extermination of the revolutionary organizations and militants.

They have seen their attempts to establish an alleged third historical alternative, reformism, thwarted. The events that we have experienced throughout the situation created by the coup d'etat of 15 October have proven that the crisis cannot be resolved by this means, as certain sectors of the imperialists, the bourgeoisie and the middle classes wanted.

The efforts being made to preserve the reformist plan, which now has the strongest backing from the U.S. Government, are doomed to failure.

The most reactionary oligarchical and imperialist sectors, advocates of the counterrevolution, do not want to support the reformist plan, and are trying to impose a genocidal war on the country, and to slaughter tens of thousands of workers and intellectuals, and members of the downtrodden classes.

While issuing this call to attention, we declare that the counterrevolution cannot destroy the people's revolutionary movement, and it will be the one defeated by the implacable fist of the people united and under arms.

V. The People's Revolution, the Only Real Solution

No one should be confused any longer: The only real, effective alternative for resolving the national crisis for the people's benefit is the armed people's revolution, the forces of which are quickly maturing among the people.

This revolution will not be an act of vengeance, but rather one of justice and liberating transformation. It will insure democratic liberties and rights for all the people, and thus it will establish a genuine democracy. It will turn over the land to the vast majorities in the rural areas, who are the ones really working it and making it produce. It will win real

national independence, recovering for our people the right to decide freely on their destiny. With these and other fundamental changes, it will guarantee decent material and cultural living conditions for the working people.

These great tasks can only be accomplished if the revolution is victorious first; in other words, if it wins power, destroys the disgraceful, corrupt and gory machinery of the military tyranny, and establishes a revolutionary, democratic and anti-imperialist government on the basis of the people's power.

These are the strategic objectives of the revolution for which our organizations are struggling, along with the most vanguard sectors of the people.

In order to carry this revolution to victory, we have decided to put into operation, with our resolution on unity, the process of unifying all the revolutionary forces, and the latter's unity with all democratic forces, both civilian and military, religious and secular.

Revolutionary forces and democratic forces are the two great streams produced by the Salvadoran people's struggle. Uniting those two streams means uniting the people, and enabling them to assume all their potential and capacity, and to win the greatest international solidarity in isolating and conquering the cruel, powerful enemy.

The unity of the revolutionary and democratic forces is an urgent need; it is an essential prerequisite for the liberation of the Salvadoran people, and it must be achieved soon.

We address the progressive sectors of the Church and the military, the opposition parties, the independent trade union and labor organizations in general, the many democratic intellectuals and personages with or without a party, the many sectors of small and medium-sized business owners now concerned over finding a patriotic solution to the crisis and viewing with increased suspicion the demands from the oligarchy to follow it, to follow its trail of exploitation and slaughter; and we say to them: Regardless of the ideological and political differences between you and ourselves, we acknowledge the merits of your effort to attain democracy and social justice for our people, and we ask you to contribute to their unification, so as to make their struggle to become liberated effective. We propose that they actively join in the great process of unity that is under way, and contribute ideas to it that we shall respect, with their ability and talent, with their influence and devotion to liberty.

This great unity among the Salvadoran people will make their winning of liberation, which cannot be prevented by anything or anyone, even if it imposes the greatest sacrifices upon them, more imminent, less difficult and less painful.

The heroic, combative and proud Salvadoran people will never be resigned to living on their knees. Their time has come, and they will liberate themselves, led by their revolutionary organizations; they will break the chains of the reactionary military dictatorship of half a century, and they will destroy it forever.

VI. The Upright Military Should Join the People's Struggle

In the history of our people's struggle, the upright military, with patriotic and democratic aspirations, have written important pages.

The Salvadoran Army itself, under the command of its founder, Manuel Jose Arce, began opposing the ambitions for annexation of Iturbide's Mexican Empire in 1822. Gen Gerardo Barrios' exploits for unity personified the strong intention of defending the sovereignty of the Central American peoples and the desire for reform of the Salvadoran Army during the period from 1850 to 1860.

During the troubled, agitated development of the young nation emerging after independence, the army fell under the sway of the worst reactionary landholding forces. The corruption and venality of a minority of commanders allowed the liberal, democratic ideals of the army's founders to be betrayed. This process culminated in 1932 with the establishment of the military tyranny. The army's function was reduced to protecting those who were subjugating and selling out the nation, and to oppressing our people every day, thus creating the definitive opposition between the army and the people from whom it originated.

The army was converted into the party of the oligarchy comprised of big capitalists and landholders; but, in each generation of military, there were always some who remained patriots, who rebelled and who took a stand with the people and against their enemies. This was proven by the glorious exploits of many officers on 2 April 1944, when they rose up against Martinez, sacrificing their lives. The participation of young members of the military in the battle of Ahuachapan against Osmin Aguirre, the uprising against Lemus in October 1960 and the stifled revolt of 25 March 1972 are other examples of the fact that not all the military are resigned to the unfortunate role of executioners which has been forced on them.

The willingness to join the people which has become evident during recent months among a large number of young officers is proof that the heritage of those patriotic traditions still lives among them. The oligarchy and the reactionaries have again undertaken to thwart their efforts for transformation.

The upright military do not want a confrontation between the Armed Forces and the people in arms. We share this view, and we trust that, because of their integrity and patriotism, and because they are a part of the people, those military will take their proper place among us to build a new

society. The soldiers and non-commissioned officers in the army are the ones who best understand the people's struggle, because they themselves are workers and the children of workers, and their position in the people's army is assured. Together, we shall build a society in which the army is a genuine armed branch of the people, and the defender of their liberty and of justice, as well as a strong guarantee of the sovereignty that is being stolen now and of the independence that is being trampled on.

VII. We Back the Revolutionary Struggles and Democratic Causes of All Peoples, and We Learn From Them

The heroic struggle of the Nicaraguan people, victoriously led by the Sandinist National Liberation Front, is another source of inspiration for our unity and willingness to fight until we win.

The Sandinist victory has begun an era of revolution on the Central American Isthmus; it has enhanced us with its experience; and we shall make use of it, gearing it to our situation and problems.

Just as we opposed the intervention of CONDECA [Central American Defense Council] and of Yankee imperialists in the struggle against Somoza, we condemn any attempt at intervention to thwart our people's desires for liberation.

We consider the revolution in El Salvador part of the revolution in Central America, and a particular contribution from our people to the struggle for liberation of all the peoples on the continent. We support the democratic positions assumed and increasingly intensified by the Latin American peoples and governments. We greatly esteem the anti-imperialist positions and the defense of democratic progress and international peace sponsored by the peoples and governments of Panama, Mexico and Costa Rica, the Andean Pact nations and those of the Caribbean. We support the struggle of the peoples of Puerto Rico, Belize and Panama to win the right to be masters of their own destiny and to establish sovereignty throughout their entire country.

We desire Central American unity, but we deny that it can be constructed on the basis of foreign intervention and the subjugation of our peoples. We intend to intensify our ties with all the Central American countries. We wish to establish friendly, fraternal relations with all the peoples of the world, based on self-determination.

We condemn all forms of colonialism. We back the struggle of the peoples of the world against foreign oppression and racism, particularly the struggle of the Palestinian people against Zionism, and that of the African peoples against racism and apartheid.

We back all the items in the resolutions from the Sixth Summit Meeting of the Movement of Nonaligned Countries, held in Havana; we seek the establishment of a new international economic order; and we are strong advocates

of the easing of tensions, disarmament and the guaranteeing of peace in the world.

VIII. With the People's Unity to Final Victory

The great significance of our resolution on coordination and unity opens a new page in the nation's history, leading to the winning of our people's final liberation.

Workers, peasants, students, teachers, employees, progressive intellectuals, inhabitants of slums, small and medium-sized business owners, progressive clergy, democratic sectors as a whole, patriotic soldiers, men and women from our people, let us all create the great unity leading to the people's final liberation.

The time has come for the supreme efforts on behalf of the victory of the revolution!

The critical stages will be hard and painful, but victory is inevitable. The blood shed by thousands of patriots and thousands from the last century, and the aspirations and blood of our beloved comrades who died in recent years, are now bearing fruit, brilliantly, in the unity of our people on the march to final victory.

Long live the steadfast, widespread unity of the Salvadoran people!

Long live the worker-peasant alliance!

On behalf of the revolutionary people's government!

Long live the international solidarity of peoples!

With the people's unity to final victory!

El Salvador, Central America, 10 January 1980.

National Executive Directorate of the National Resistance.

Central Command of the Farabundo Martí Popular Liberation Forces (FPL).

Central Committee of the Communist Party of El Salvador (PCS).

Revolution or death, the armed people will conquer!

Proletariat of all nations, unite!

Armed struggle today, socialism tomorrow!

[Photo caption]:

Historic times of great significance for El Salvador. Three of the most important revolutionary organizations signed an agreement on "revolutionary coordination," to deal with the crisis which that fraternal Central American republic is undergoing. From left to right are "Ana Maria" and "Marcial," from the Farabundo Marti Popular Liberation Forces; Ernesto Jovel Funes and Ferman Cienfuegos, from the Armed Forces of National Resistance (FARN); "Antonio" and "Santos," from the Communist Party of El Salvador (PCS). The agreement on "revolutionary coordination" was made recently in San Salvador, on which occasion a clandestine press conference was called.

2909

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PRESENT CRISIS IN POLITICAL SYSTEM DISCUSSED

Moscow LATINSKAYA AMERIKA in Russian No 6, Nov-Dec 79 signed to press 9 Oct 79 pp 23-35

[Article by Jorge Handal, general secretary of the Central Committee of the Communist Party of El Salvador: "Central America: The Crisis of Military Dictatorships"]

[Text] During the present period characterized by the achievements of the scientific and technical revolution previously unprecedented opportunities for the development of productive forces open up before the world. Meanwhile, in the countries of Central America under consideration, that is, El Salvador, Nicaragua and Guatemala, the realization of these opportunities "is blocked" by their very structure, that is, by the formed system of relations of ownership, production, exchange and distribution, as well as by the subordinate status of the economy of these countries with regard to imperialism.

Dependence and the agrarian problem, which is based on the concentration of big land properties, that is, latifundia, and capitalist expansion into agriculture in the "Prussian" way are the integral attributes of dependent capitalism in our countries and the main obstacle along the path of development.

The acute structural crisis is accompanied by a deep crisis of the political system. Thus, "Salvadoran," "Nicaraguan" and "Guatemalan" dependent capitalism as a system and its basis and superstructure are in a state of crisis. This forms the material and political basis for the present historical situation in which--and this is its main distinctive feature--the revolution has become an objective, real possibility, not only the beautiful dream of revolutionaries.

This article was sent to the editors early in June 1979. Although profound changes took place in Central America since that time--the revolution triumphed in Nicaragua--the editors consider it advisable to publish the article in the form in which it is written. (Editors' remark)

In other words, our countries have entered the stage of revolutionary development, whose successful outcome will depend on the presence of a vanguard capable of determining the correct path of the struggle and of following it until the victorious end at the head of all the advanced forces of society and, primarily, broad masses of workers. However, another outcome, that is, further evolution of the dependent capitalist course, is also possible. This is also a real prospect and only a revolution can be its alternative.

An evolutionary way out of the structural crisis would mean only a palliative, not final, resolution of the profound crisis of our variants of dependent capitalism. At the same time, it should be kept in mind that, despite the similarity, it is not a matter of a precise repetition of the crisis of capitalism of the medium level of development experienced by Western Europe in the second half of last century, but of a crisis of the same type, but developing in countries included in the world system of monopolistic capitalism. Within this system the place and function of countries similar to ours have a subordinate and specific nature. Last century is characterized by the lack of monopolies. Today, however, transnational corporations hold the dominating positions with regard to developing countries such as ours and, especially after the present crisis of the world capitalist system broke out, aggravate and complicate the "internal" structural crisis in them and block every possibility for its real and stable resolution.

On the other hand, in contrast to the past, the world socialist system now exists, having a powerful and increasing effect on the course of mankind's history. This factor, which is also "external," affects the development of our countries in a decisive manner.

The crisis of dependent capitalism of the medium level of development under discussion has a great deal in common with the crisis experienced by the peripheral countries of Eastern Europe in the 1920's and 1940's, which ultimately led them to socialism. Probably, the level of development of capitalism in our countries is lower than in some of these countries during that period, but the positions of socialism in the world have now become incomparably stronger and the general crisis of capitalism, much deeper.

The crisis of the political system and the crisis of social and economic structures are in a dialectical interaction: one aggravates the other. However, there are contradictions between them and there is a relative autonomy of one with respect to the other. This is convincingly confirmed by the experience of Central America.

Three countries of our region (El Salvador, Nicaragua and Guatemala), where an authoritarian political system was established a long time ago, are countries where the crisis of the political system reached the greatest acuteness and led to a great polarization of forces. At the same

time, in Costa Rica bourgeois democracy, which became the traditional form of government, is quite a flexible political system capable of ensuring a certain balance between various tendencies produced by the structural crisis, which in its essence differs in no way from that characteristic of all Central America. State power is directed toward the "center," sometimes even to the "left center." From time to time there is a turn to the right, but not once--after the Civil War of 1948--did the political struggle become so critically acute and polarized. Thus, in Costa Rica in the presence of the structural crisis the political system has not been affected by crisis phenomena.

In this respect of interest is also the experience of another country in Central America--Honduras--where in December 1972 the military revolution of a reformist trend put an end to the traditionally formed model of a two-party political system. A situation was created in which, despite the lack of elections, the general atmosphere of tolerance made it possible for various trends over a period of 5 years to wage a fight for a way out of the structural crisis without the political conflict becoming extremely acute. The ruin of the hopes connected with the "national development plan," which embodied reformist projects of the new government, showed that the flexible political system established in December 1972 exhausted its possibilities. A period of destabilization began in 1975. This process was manifested with special acuteness in 1978. Tolerance came to an end and the working class and popular movement began to be subjected to repressions. At present an attempt is made to restore the traditional political system with the dominating role of the National Party--the most conservative and antidemocratic. Thus, a political crisis again knocks on the doors of this country.

The logic of practical reality and experience of Central America leads to the following conclusion: Democratization of the political system could become the way out of the crisis for it, weaken the crisis of the social system as a whole, remove the "danger" of a revolution and contribute to further evolution along the path of dependent capitalism. However, for the ruling classes of all the countries of Central America with the exception of Costa Rica, where democracy is based on profound historical traditions, democratization is too difficult and risky a task. It could aggravate the contradictions in their midst, because there is no unanimity with regard to such a plan. It is not ruled out that stubborn resistance will arise on the part of the military clique, which has enjoyed government privileges for decades. In addition to this, as a result of democratization, wide masses of workers, whose free expression of will is now cruelly suppressed, would get the opportunity to establish their organizations and to engage in active operations, which, in turn, would lead to an even greater expansion and aggravation of the class struggle, the struggle for radical structural reforms.

On the basis of everything that was stated above, there is nothing surprising in the fact that profound upheavals have now spread throughout Central America. The situation created in El Salvador is inseparable from the critical situation now characteristic of the entire subregion. Central America has never been so close to the revolution and, without any doubt, the center of the Latin American revolution is here now.

In El Salvador in May of this year repressions were sharply intensified and aggravated and the political crisis deepened. During that month the repressive forces of the regime more than once opened fire on unarmed people who demonstrated in San Salvador and other cities, as a result of which more than 80 people were killed and more than 100, wounded. On 23 May the government of Gen Carlos Umberto Romero declared a stage of siege in the country, as though this was necessary where illegal repressions and violence became the norm of daily life. Obviously, such a measure was needed in order to place the Salvadoran nation under even more intolerable conditions. Immediately gangs of murderers, such as Orden, Falange and the Union of the White Army, began a campaign of unbridled terror, whose victims were many patriots, including communists.

Today the name of this tiny Central American country, following our neighbor Nicaragua, has begun to resound loudly in the flow of communication on the heroic fight of the people and the bloody crimes of the fascists, who are in power in it, and has become known throughout the world.

The events occurring in El Salvador are not accidental and unexpected political upheavals, not the results of the "interference of Cuba and the socialist countries of Europe," as the government of General Romero announced, but the consequences of the deep crisis of socioeconomic structures of dependent capitalism, which entered the phase of maturity, a crisis that affected not only our country, but all Central America. The 7th Congress of the Communist Party of El Salvador subjected the situation that was created to an all-around analysis. The essence of this analysis was stated above.

Let us more closely examine the problem of the interaction between the structural and political crisis in El Salvador, as well as the problems connected with these crises.

The process of fusion of bank, industrial and trade capital and agricultural export business accelerated considerably, as a result of which the local monopolistic and "modernized" oligarchy, whose interests are ever more closely interwoven with the interest of imperialist transnational corporations, began to be formed and strengthen its positions. The speculative financial activity connected primarily with construction and investments in the tourist industry increased considerably. The introduction of capitalism into latifundia and the proletarianization of the peasantry are proceeding at more rapid rates.

The financial oligarchy, the affiliates of transnational corporations and the military clique--these are the three whales on which state power in El Salvador is now based. The sector of the bourgeoisie, which owns land and is connected with the export of agricultural products, also retains its influence.

In the fight for a bourgeois evolutionary way out of the structural crisis there are two contradictory, at least at first glance, tendencies: On the one hand, the tendency toward dependent state-monopolistic capitalism, in which the role of private capital is lowered and, on the other, the tendency toward the strengthening and rallying of the private capitalist sector, which resists in every possible way the strengthening of state control over the economy, around the financial oligarchy and affiliates of transnational corporations.

The second--"private"-- tendency has predominated in our country to this day, which, naturally, implies a certain limitation of the role of the state in the sphere of the economy and, in fact, hampers, despite the wish of some circles in power, a rapid and easy transition to a fascist state.

Despite the rapid growth of foreign debts, the state was not able to use the loans obtained for expanding its share of participation in the production sphere, because the ruling classes, which are served by the right military dictatorship, reject the very idea of such participation.

The most reactionary part of the financial oligarchy, rural bourgeoisie and landowners block the implementation of even the few agrarian mini-reforms that were planned.

Transnational corporations greatly strengthened their ruling positions in industry and in the country's economy as a whole. At the same time, however, the volume of their investments is much lower than what is expected and needed in order to get the process of industrialization moving. Beginning in 1977 the rates and volume of private capital investments within the country were lowered sharply.

All these factors contributed to an aggravation of the structural crisis and to an increase in the dependence on imperialist financing, which, in turn, gave rise to many new difficulties of an economic and political nature.

Thus, the implementation of the intention to make the new model of dependent capitalist development "work" announced within the framework of the official economic policy in 1970 began to hopelessly "skid."

The failure is due primarily to the economic crisis of the world capitalist system, to the greatest extent to inflation, to the increase in the price of oil and devaluation of the dollar and to the political crisis within the country, which inhibited the influx of foreign capital investments and caused a mass withdrawal of capital from El Salvador. The economy that has reached a deadlock causes an even greater aggravation of the crisis of the political system.

The way out of it is the key issue both for those that seek palliative solutions of problems of the structural crisis and for those that strive for a real resolution not only of the present crisis of structures, but also of problems of historical development as a whole. Workers and popular masses will be able to come close to such a solution only if they overthrow the right military dictatorship and establish a revolutionary democratic and anti-imperialist regime. The ruling classes, in order to attain a palliative way out, must begin from the introduction of a number of modifications in the political system of the military dictatorship, which, straining itself to the utmost, tries to find a way to save itself.

The most reactionary circles of the financial oligarchy, as well as of the transnational corporations operating in the country, of landowners and of the military, which are most closely connected with the sphere of state capitalism and derive from this vast benefits and advantages, push the military dictatorship to the establishment of a modern fascist regime, which could ensure a transition to the phase of dependent state monopolistic capitalism.

Another part of the ruling classes is inclined toward demagogical maneuvering, by means of which it hopes to reduce the flame of the class struggle, to normalize the functioning of the economy, to enlist new capital investments and to gradually bring the country to the monopolistic phase of dependent capitalism.

The fascist alternative, although it did not fully materialize, because serious obstacles appeared on its way (first of all, the development and advance of the revolutionary movement)--this is precisely what most of all corresponds to the nature and traditions of the military dictatorship.

At the beginning of this century some objective tendencies in the capitalist development of our country characteristic of the conditions that emerged in the world and in our continent during that period needed a flexible and liberal political system. Certain circles of the emerging city bourgeoisie and individual politicians close to the intelligentsia expressed this aspiration. The first attempt in this direction was made during the short stay in power of Manuel Enrique Araujo (1911-1913). The life of the republic's president came abruptly to an end at the hand of a hired assassin (he was known by the nickname "Mulatik" and his service was paid by landowners). The blow delivered by the assassin also

hit the democratization project. The dictatorial regime of the trade and landowning oligarchy was restored. At the end of last century this oligarchy forcibly tried for a long time to put its so-called "Movement 44" headed by Gen Tomas Regalado in power.

The assassination of President Manuel Enrique Araujo initiated the long tyranny of two land owning clans--Menendez and Quinones. However, the aspiration for liberalization continued to live. During those years it found its expression in the movement of the "constitutionalists" and other democrats.

Soon after the end of World War I, in the atmosphere of the economic crisis following it and under the effect of the ideas of the Great October Socialist Revolution, a working class movement arose in the country. It lent steadfastness to the struggle against tyranny and filled it with a deeper social content.

In the second half of the 1920's the liberalization of the political system became an urgent need. It was supported not only by the democratic circles of the intelligentsia and the strengthening city bourgeoisie, but also by the working masses, whose struggle involved the entire country and spread with special force in Central and Western regions, where by that time capitalist relations had reached the greatest development.

During the 1930 elections Arturo Araujo was elected president. From the beginning of the 20th century they were the first and so far the last elections in El Salvador held without forgery and falsification. Furthermore, they represented a systematic step forward along the path of liberalization undertaken by the government of Pio Romero Bosque (1927-1931). However, the very severe economic crisis that shook the entire capitalist world in 1929-1933 aggravated the class struggle to such an extent that it "buried" the liberalization project.

In an atmosphere of the administrative chaos that reigned during Araujo's government, the disillusionment of the wide masses that elected him to the post of president and the ever more frequent and strong outbreaks of the class struggle the ruling circles felt the threat of the social revolution and together with it the persistent need for a "strong regime" and for a "government capable of ensuring order and pacifying the lower strata." The need was met. On 2 December 1931 Gen Maximiliano Hernandez Martinez carried out a revolution and established a right military dictatorship.

The consolidation of the dictatorial regime was the consequence of the cruelest suppression in 1932 of the worker and peasant (mainly peasant) uprising headed by our party. A total of 30,000 people were killed. All the organizations of workers and other mass associations were abolished and prohibited. Political parties suffered the same lot. Municipal and

university autonomy was abolished. These were the manifestations of the initial phase of the structural crisis of dependent capitalism in our country.

During the 48 years of existence of the right military dictatorship the class interests represented by it, its policy of national development and the forms and methods of government changed.

The regime was born, carrying in itself the germ of its own crisis. It was established as an emergency regime at the time of the revolutionary situation of 1931-1932 and it should have left the scene as soon as the threat of the revolution was removed. The interests of modernization of dependent capitalism required another political regime corresponding to "normal," evolutionary" times.

However, despite this need the emergency regime was established as a permanent political system. Such an absurd situation had to conflict (which happened) with the tendencies and needs of capitalist and social development as a whole. Therefore, during past years, to save the military dictatorship, its model was more than once subjected to certain modifications and was "adjusted" to new conditions. However, all this "adjustment" only delayed its end, but did not overcome the crisis phenomena organically inherent in it.

That is why the stability of the right military dictatorship was disrupted so many times and the "evil forces" of the crisis contained in it were ready to burst out:

the military and popular uprising in April 1944; the general strike, as a result of which the dictator Martinez was overthrown in May; the reactionary counterblow in October and the civil war in December of the same year;

the revolution carried out by army majors in December 1948;

the scope of the popular struggle in August-October 1960, which led to the overthrow of Colonel Lemus and the counterrevolution in January 1961.

From 1967 the crisis of the military dictatorship became chronic and it experienced heavy upheavals more and more often:

a) the general strike at the call of trade unions in April 1967; the first and second teachers' strike (in February-March 1968 and in June-August 1971);

b) the victory of the National Opposition Union during the presidential elections on 20 February 1972; the electoral forgery and the unsuccessful action of progressive military men on 25 March of the same year;

- c) the wide protest campaign in connection with the mass killing of students on 30 July 1975;
- d) the sharp clashes between the government and the bourgeoisie in connection with the "Law of the Agrarian Transformation" (July-October 1976);
- e) the victory of the National Opposition Union during the presidential elections on 20 February 1977; the cynical falsification of the results of voting and, as a result, the unprecedented mobilization of the masses; the militant political strike cruelly suppressed by punitive forces;
- f) the aggravation of the clashes between the Molina government and the Catholic Church (murder of two progressively minded priests--Rutilio Grande and Alfonso Navarro) and bloody repressions in Aguilares and El Paisnal (March-June 1977);
- g) the aggravation of the antigovernmental struggle on the part of the peasant movement and left armed organizations (beginning in April 1977);
- h) the blow to the prestige of the regime dealt by the striking movement of the working class in February-March 1979;
- i) the heroic struggle of the people, brutal mass murders and state of siege (May 1979), which sharply complicated the internal and international situation of the regime.

Today the country again faces a revolutionary situation. At the same time, 48 years of an "artificial" existence of the right military dictatorship has weakened it to such an extent that it is no longer capable of ensuring in our country the consolidation of fascism in all its completeness, as this happened, for example, in Chile or Uruguay.

This fact most of all contributed to the formation among the bourgeoisie of a trend preferring a certain "relaxation," which leaves room for maneuvering, to a tough policy. These circles fear that the loss of prestige and the unpopularity of the weakened military dictatorship that became decrepit both within the country and in the international arena will favor the victory of the revolution and they do not want to risk this.

The present historical process in Central America, primarily in our country, and its prospects will be understood better, in a more versatile way and more profoundly if a comparative analysis is made with a similar process in other subregions of Latin America during the period following the great economic crisis of the world capitalist system in 1929-1933.

The process of "import replacing" industrialization aimed at the establishment of a model of economic development directed toward meeting the needs of the national economy by means of internal reserves developed in the

countries of the Southern Cone and in other Latin American states beginning in the 1930's until the end of the 1950's. This was the answer to the bitter experience during the years of the economic world crisis, whose consequences in our continent were so destructive because of the then prevalent model of economic development aimed at the expansion of the export capabilities of the national economy.

The policy of industrialization was designed to become a kind of replacement for the bourgeois revolution, which, as it was, could not solve the problems facing it at one time. However, it only became its parody. Only the appearance of nationalistically minded circles of the bourgeoisie was the perceptible result. In some countries (Chile and Uruguay) democratization took place, while others (Argentina and Brazil) followed the path of populism.

As already stated above, in El Salvador the consequences of the economic world crisis took the form of the crisis of a dependent economic model directed toward the expansion of export capabilities of the national economy. This model was embodied in the single crop system and in the single export of coffee (first phase of the structural crisis). The process of democratization of the political system that began, which was aided by the bourgeois circles interested in the diversification and modernization of the economy, was interrupted in connection with the unsuccessful attempt at a social revolution and the victory of the counterrevolution. The rule of the trade and landowning oligarchy was restored in the form of a right military dictatorship and, therefore, the transition to import replacing industrialization of the South American type was blocked.

An attempt was made to revive this policy only two decades later, in the 1950's, but by that time significant changes occurred in the system of capitalist world relations. For example, the United States, which became an absolute hegemony of the capitalist world, easily imposed a model of development advantageous only to the United States itself on the dependent and weak Latin American countries. Therefore, the possibilities for the realization of the historical initiative of the national or, more accurately, nationalistic bourgeoisie were reduced sharply. The development of state monopolistic capitalism in the United States, Western Europe and Japan and then the scientific and technical revolution in the 1960's and 1970's reduced these possibilities to a minimum.

Under such conditions in El Salvador the process of import replacing industrialization could not gather strength in the 1950's or later. A totally different process of industrialization, which gave rise to another variant of the economic model directed toward meeting the needs of the national economy by means of internal reserves, developed in our country under the full economic and technological control of imperialist monopolies. In El Salvador a sufficiently influential sector of the nationalistic bourgeoisie was not formed and reformism and populism assumed the

form of a caricature, which could be nicknamed "minidesarrolism" and "minipopulism." "Mini" by no means implies the size of our country, but the limitation of the possibilities for the realization of these trends due to a lag of 30 years in national development as compared with the other parts of Latin America and, if the clock is checked against world time, the period of lag will be lengthened by many decades.

In a number of countries in other regions of the continent the structural crisis of dependent capitalism of the medium level of development and its central phase came to a head at the end of the 1950's. In El Salvador this phase began only at the end of the 1960's. This is the profound reason why the crisis of the political system and the forms of class struggle characteristic of many Latin American countries in the 1960's arose in El Salvador only in the 1970's.

Ultimately, however, the time of El Salvador to solve in an open battle the dilemma of the selection of one of the two basic alternative ways out of the structural crisis and the crisis of the political system also came. Either this way out will be revolutionary, democratic and anti-imperialistic with a socialist perspective, or it will be bourgeois, counterrevolutionary and fascist with periods of "relaxation" and "limited democracy" or without them and with a prospect for further development toward monopolistic and state monopolistic dependent capitalism.

The military and political assistance of North American imperialism is the basic support of the bloody Central American dictatorships. The United States trains officers for the armies and police of these countries and keeps permanent advisers at their headquarters and administrations. The United States forced Central America to support the so-called doctrine of "national security" advanced by it, which justifies and encourages unlimited repressions against nations and serves as a diplomatic cover for the governments of murderers.

Central America and the Caribbean Basin represent a strategic zone of special importance for the United States. Now, at the moment of danger of a revolutionary explosion, the main goal of the United States in this region is to preserve all the tools of its political and military rule at any cost. Every step and every political action of Washington in this zone are subordinate to this goal. For example, the pretentious campaign "in defense of human rights," with which the United States so prides itself before the whole world, in Central America was not directed toward safeguarding the civil rights of our people, but was openly used for directly opposite purposes, that is, to split democratic forces and to win some of them over to the side of the United States in order to prepare, just in case (suddenly such a need will arise!), pseudoreformist governments obedient to its dictates to replace present dictatorships and thereby to save the military and political machine of Central American regimes from collapse or defeat.

When in May of this year the Salvadoran people became the victims of bloody repressions, Washington, as in the case of Nicaragua, shelved all its demagogical statements on human rights and, following the formula "silence is a sign of consent," did not utter a word.

Before these events, having received big loans from the International Currency Fund and various North American banks, in April Somoza returned from his trip to the United States, celebrating victory. "The United States," said Somoza, "stopped its pressure on my government" and no one in Washington refuted this statement.

On the contrary, the firing by American warships on the positions of the Sandinistas at the beginning of June, when the Nicaraguan people again rose with arms in their hands, and the hypocritical silence of the State Department, which at the end of 1978 asked Somoza to resign, convincingly indicate that American imperialism has not changed its line of support for the criminal dictatorial regimes established in Central America. In the light of such an orientation it is clear that the first step for the realization of the new agreements on the Panama Canal beginning this October do not evoke enthusiasm among the ruling circles of the United States. In the presently created situation the Pentagon does not have the slightest wish to weaken its positions there. After all, even a partial withdrawal of American troops from the Canal Zone would mean a severe blow to the moral spirit of the military puppets of the United States in Central America.

It is no wonder that the Central American Defense Council--a military pact concluded under the dictate of the United States and subordinate directly to its southern command--adopted the decision to send the troops and airplanes of Guatemala, El Salvador and Honduras in support of Somoza. Last September the troops of these countries took part in operations against the Sandinistas, but for some time they did this secretly, dressing their soldiers and officers in the uniforms of Somoza's National Guards. Later the masquerade was abolished and this also points to the fact that the United States, without the consent of which the Central American Defense Council takes no action, decided to reaffirm before the whole world its unchanged intention to give support to the bloody Central American dictatorships.

American imperialism, sensing that Central America shaken by disturbances can slip away from its clutches, in order not to let the prey out, digs its claws more deeply into it, incites the puppet dictatorships to increase terror and repressions and maneuvers in an attempt to preserve its military presence in the zone of the Panama Canal at any cost.

The policy conducted by the United States with regard to Central America is a lesson for all those who cherished the hope that thanks to Washington "democracy would prevail" in our long-suffering countries.

The old irrefutable truth--only the people themselves, leaning on the solidarity of other people, can attain their liberation--is recalled once again. The people of Central America are waging a heroic struggle (in the first ranks of which today there are--after Nicaragua--the people of El Salvador) for true freedom and independence. The sympathy and solidarity of all the countries of the world are on their side. Although this may seem impossible owing to the geographic proximity and vast strategic importance of Central America for the United States, this struggle, without any doubt, will be crowned with victory.

We, communists, must be worthy of the moment and rise to the occasion. Salvadoran communists are not satisfied with their role in the last 2 years, which the 7th Congress of our party stated, subjecting the shortcomings of its own work to criticism. At the same time, the congress pointed out the ways and measures directed toward communists occupying a fitting place in the general struggle.

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DANIEL ORTEGA DEFINES PEOPLE'S POWER

PA052155 Managua Radio Sandino in Spanish 1800 GMT 5 Feb 80 PA

[Excerpts] We are all dutybound to know the meaning of class interests. We will begin by noting that class interests are determined by the position a specific class holds in the social production system. By dominating the masses, the ruling class clings to political, economic and ideological power. The exploited however, ardently struggle to bury the enemy class and end the system of exploitation and domination. Those enemies inside and outside the country are now struggling with all their resources to stop the irreversible march of our revolution. That is why the workers, the exploited and the revolutionaries must be alert to maneuvers by the reactionaries. We must know how to detect them to stop their destructive advance. In all developing revolutions as ours, the enemy tries to gain advantages but the people's vigilance will detect this. How do we carry out this revolutionary task? The answer is given by Commander of the Revolution Daniel Ortega, a member of the government junta and the Sandinist Front National Directorate.

[Begin recording] [Question] In all developing revolutions, it is evident that the enemy tries to gain advantages. What instructions has the Sandinist Front given to the Nicaraguan people regarding this?

[Answer] We have instructed our people to mobilize and be constantly alert instead of remaining silent. Sometimes we forget that there are enemies of the revolution. We must contribute all our efforts and enthusiasm to the economic reactivation plan and the literacy campaign. Sometimes we let our guard down. It is important that we be on the alert. By being alert we remain united and through unity we are able to crush any maneuver of the counterrevolution.

[Question] Commander Daniel Ortega, in the Sandinist revolution the people's strength is expressed through people's power [poder popular]. However, more than 50 percent of our people are illiterates. Can you explain to the Nicaraguan people the meaning of people's power?

[Answer] People's power is the most important expression of the people because it permits them to express in practice their desires, their needs

(words indistinct) to make possible a series of reforms and deep revolutionary measures which truly grant the people participation in (solving) their economic, political and social demands. How can people's power be achieved? It can only be achieved through organization. Organization is essential when speaking of people's power. It is essential to guarantee that this people's power will make possible all plans and projects of the Sandinist revolution. This people's power should above all be expressed with organization and more organization.

CSO: 3010

COLUMNIST SAYS 'EL PUEBLO' 'WENT TOO FAR'

PA062009 Managua LA PRENSA in Spanish 30 Jan 80 p 2 PA

["El Momento" column by Joaquin Absalon Pastora: "EL PUEBLO and Freedom"]

[Text] It behooves us to write about the closing of the newspaper EL PUEBLO.

We can never agree to the closing of a news medium. We had that experience several times under the Somoza tyranny. Nor can we agree with abusing freedom to intensify class hatred and divide the people and the government rather than construct.

Unrest is being incited out of the sudden and anarchic illusion that the workers and peasants are already in power while it is a known fact that they were kept culturally and politically out in the cold by the Somoza family.

A crisis-torn nation such as Nicaragua, which is stepping out of a gray bankruptcy, cannot offer the socialist prospects that the radical element is demanding, not only for economic reasons but due to a question of generations.

In any event the republic cannot be decreed to be socialist or unilaterally handed over to the proletariat in 24 hours.

The children of today's workers and peasants will have a greater opportunity to serve as ministers with the training supplied by the revolution. Right now those positions are filled by the social class already trained to rule.

To govern is an art, a political undertaking, a cultural act.

Therefore it is not possible to meet the demand of serving a social menu that calls for gradual, well-thought-out steps. That will take years, not just hours. It is not fair to see only the bad. We know that in the brief period of 6 months banking has been nationalized, a step that has taken longer under other systems; the light of literacy has been turned on (who knows how many of its beneficiaries will rule us in the future); an integral

rather than reformist land reform has been undertaken; favorable action has been taken in health care; the availability of education has increased; a housing law has been passed which will open new doors in this area.

Why ignore all this and insist that this is a bourgeois revolution with the malicious intention of inciting the people to arm against the pro-

Every time we read EL PUEBLO we witnessed the work of opposition for the sake of obstinate, aggressive, piercing opposition. We did not see in it a healthy intention to criticize, so badly needed for the revolution to get ahead.

It must be understood that no comparisons will be admitted between the Somoza system and the present system. It would be offensive--and foolish--to try to equate them. Therefore the journalistic style of yore is also incompatible with the journalism that should be practiced today.

There was room for biting criticism against mass murders before. To cite an example, it was fitting to tell Somoza to resign and go. Now constructive criticism is in order so things can be corrected.

We regret that EL PUEBLO went too far in its exercise of the right to free speech. We also regret that it was closed. But what else could have been done in view of its stubbornness when all means of persuasion had been attempted?

Perhaps some excesses were committed in the way it was done, and a thinker should not be put in jail, except if it is proven that he committed a crime. However, a budding revolution cannot be subject to fluctuations or distortion when guidelines have been issued for a measures reactivation with available resources, in a climate of peace and unity and not under the pressure of social resentment bred over the past 40 years.

'EL PUEBLO' DIRECTOR TESTIFIES BEFORE COURT

PA060334 Panama City ACAN in Spanish 2320 GMT 4 Feb 80 PA

[Excerpt] Managua, 4 Feb (ACAN-EFE)--The Inter-American Press Association [IAPA] was denied here today the "moral authority" to request the reopening of the Marxist-Leninist newspaper EL PUEBLO, which was closed down on 23 January.

It was precisely the director of EL PUEBLO, Melvin Wallace, who questioned IAPA's moral authority while testifying today before First District Criminal Judge Victor Manuel Ordonez.

Wallace, who had been in hiding somewhere in Managua, said the matter of the newspaper's reopening is not for discussion by IAPA but by the masses of Nicaraguan workers and peasants. He said this has been the newspaper's position since the first attacks against it by the former Somoza dictatorship.

EL PUEBLO has been accused by the government of being the organ of "counter-revolutionary" organizations.

During his lengthy testimony before Judge Ordonez, Wallace admitted that he and two other persons, Carlos Cuadra Cuadra and Juan Alberto Henriquez, had belonged to EL PUEBLO's staff. He said other persons now under arrest, and some wanted by the authorities, had not been members of EL PUEBLO's staff.

In the first part of his declaration, Wallace made a lengthy statement on the newspaper's fighting tradition against the Somoza dictatorship and the bourgeoisie and in favor of establishing socialism in Nicaragua. Wallace recalled that during the Somozist regime, the newspaper defended, not only Sandinist National Liberation Front (FSLN) prisoners, but also other opponents of the dictatorship.

He said he was not a member of the Workers Front, Peoples Action Movement or the FSLN. However, he emphasized, "I would be proud to belong to any of these revolutionary organizations."

He said his trial is "political" and that therefore "codes and laws are of no avail." He said he believes he is being tried because the government fears the "revolutionary truth." "Instead of putting me on trial, it should have had a political discussion on the Sandinist television stations-- that is if it is true that the masses support the government," Wallace added.

He said the government's decision to close down EL PUEBLO "is a tactical mistake." This error is being used by national and international reactionaries to attack the revolution. "The bourgeoisie," he emphasized, "is frightened at the way in which the government closed down the newspaper. However, the bourgeoisie merely believes the government does not know how to run state machinery. They would have closed down EL PUEBLO in another manner."

Wallace dedicates another long chapter of his declaration to defending the newspaper's funding and the purchase of its machinery.

In both cases he denied that millionaires had given him the funds to establish the newspaper. He said the machinery was bought with loans which have yet to be paid.

CSO: 3016

NICARAGUA

BORGE, ORTEGA, ROBELO STATEMENTS TO FOREIGN PRESS

PA052219 Managua LA PRENSA in Spanish 26 Jan 80 pp 1, 12 PA

[Excerpts] In reply to questions during a news conference for foreign correspondents yesterday morning, Commander of the Revolution and Minister of the Interior Tomas Borge Martinez said that the persons who published and directed the daily EL PUEBLO were closely linked to the Trotskyite labor front, which has been carrying out activities to destabilize national production.

On other issues and also in response to the questions of foreign newsmen, the Nicaraguan officials made the following statements:

Tomas Borge: "Mexico must abide by international commitments regarding the sale of its petroleum and therefore cannot drastically unbalance its offers regarding the price of petroleum. Consequently, what it would do is to give us extraordinary easy terms for payment of the 7,000 barrels a day of crude it will supply us.

"As Companero Lopez Portillo told us yesterday, we are not going to make the mistake of breaking away from established farming production units, because this would be tantamount to making moves against our own production."

Humberto Ortega: "The possibilities of a revolutionary counteroffensive are always present in an authentic revolution. However, this does not frighten us because we have taken all the necessary political measures to face these possibilities, which stem largely from the most reactionary sectors of imperialism. We have prepared for this by adequately strengthening the defense mechanisms."

"Since General Sandino's historic and glorious endeavor, the Sandinist revolution has always been subjected to the pressures of imperialism and so, this is nothing new. However, the important thing is the will of the Nicaraguan people and the Sandinist National Liberation Front in relentlessly forging its own political, economic, social and cultural destiny."

Concluding, and in response to another precise question, Ortega said: "The gorrilla armies of the area and of Latin America must clearly understand

that our revolution can be destroyed by force, but that it can never be conquered with weapons.

Alfonso Robelo: "Since the first day following the triumph, negotiations were initiated in the United States to extradite Somoza and his relatives to answer for their multiple crimes, including that of Dr Pedro J. Chamorro, before popular justice. We are about to begin a common trial against them in Nicaragua since it is an international prerequisite for proceeding with his extradition."

"We are currently facing an unemployment rate of 32 percent, which increases at the end of the harvests. Of the 800,000 persons that make up the economically active population, there are 250,000 totally unemployed and 120,000 underemployed. In the face of this, the economic reactivation plan proposes the creation this year of 90,000 new jobs."

Concluding, the minister of interior [as published] referred to the labor unions, telling the foreign newsmen that five of them are currently operating.

"Much is being said," he said, "of labor freedom, which we of course respect, but we also believe that the working class is only one and it should be thus expressed organizationally because there are no--nor can there ever be--different interests within one labor class.

"We are therefore against abolishing the labor unions by decree. We believe it should be the will of the workers that should decide to unite in a single organization for the united defense of their class interests, just as the private sector of Nicaragua has set up a single organization for safeguarding their interests, the Superior Council of Private Enterprise.

CSO: 3010

BRIEFS

SOLUTION TO FOOD SHORTAGE--Interior Minister Commander Tomas Borge Martinez, speaking yesterday to brigade members at the Plaza of the Revolution said the problem of the basic grains is being solved. Commander Borge said the revolutionary government has requested a shipment of staples for the sum of 450 million cordobas. Commander Borge said now price gougers and hoarders will have their own jail. It is being readied for them. Now that we have a law which authorizes action to stop price-gouging and the hoarding of foodstuffs, a special jail will have to be made for those assassins of the Nicaraguan peoples' stomach. No one will any longer continue profiteering with the peoples' food, Borge said. He promised to put an end to the actions of these unscrupulous individuals who have enriched themselves for a long time with the peoples' food. Yesterday a law against price gouging and hoarding was released at the Interior Ministry. The law provides for sentences of up to 2 years' imprisonment for persons who continue to speculate with food. [Text] [Pa052250 Managua Radio Mundial in Spanish 1200 GMT 31 Jan 80 PA]

'EL PUEBLO' STAFFERS CHARGED--Through Assistant Prosecutor Dr Mario Ruiz, the revolutionary government this morning filed formal charges against nine staffers of the newspaper EL PUEBLO for violating Articles 3 and 4 of the Law on the Maintenance of Public Order and other laws. The nine people under investigation are Xiomara Centeno Gutierrez, Juan Algerto Henriquez (Oporta), Mirta Espinoza Mendieta, Ivania del Carmen Nunez (Matos), Carlos Adan Artesga Alvarez, Isidro Tellez Truno, Carlos Domingo Cuadara Cuadara, Melvin Wallace Simpson and Elajandro Gutierrez. The last two are not under arrest but their arrest has been requested. The others are in jail and will be arraigned in due time. [Text] [PA020343 Managua Radio Sandino in Spanish 1800 GMT 31 Jan 80 PA]

CHAMORRO'S SON PROTESTS CONDEMNATION--Pedro Joaquin Chamorro Barrios, son of the leader of public freedoms, has protested vigorously because the Pedro Joaquin Chamorro Cardenal Freedom Plaza was used to condemn newsmen. Chamorro Barrios said it is incredible that this plaza--dedicated to the memory of a man who fought and died for public freedoms, primarily for freedom of information--should have been used for this purpose. Chamorro Barrios condemned Ivan Garcia, upstart labor leader, for having called for

the condemnation of newsmen at the Pedro Jaoquin Chamorro Cardenal Freedom Plaza. Pedro Joaquin Chamorro Barrios speaks over Radio Mundial. [Begin Chamorro Barrios recording] It is incredible that the recently inaugurated plaza named in honor of Pedro Joaquin Chamorro Cardenal, who was a tireless defender of freedom of the press on the American continent, should be used as a platform for inciting or agitating the masses against independent newscasts such as the Mundial and Hoy newscasts of Radio Mundial. This goes against the essence of freedom of the press. As a newsman and the son of Pedro Joaquin Chamorro Cardenal, I publicly protest this lack of respect for my father's memory and I demand of this upstart labor leader a public apology for his actions. [End recording] [Excerpts] [PA052241 Managua Radio Mundial in Spanish 1200 GMT 31 Jan 80 PA]

CSO: 3010

VENEZUELA

MILLION BPD ORINOCO OIL PRODUCTION BY YEAR 2000

Caracas EL NACIONAL in Spanish 8 Dec 79 p D-17

[Text] Puerto Cabello, 7 Dec (Special)--"The Orinoco oil belt is of current topical interest regionally, nationally and internationally," said Dr Luis Plaz Bruzual, manager of PETROVEN [Venezuelan Petroleum, Inc], during his remarks at the 4th Petroleum Seminar for Journalists in Valencia.

Dr Plaz Bruzual, a civil engineering graduate of the Central University of Venezuela, and a petroleum engineering graduate of the University of Tulsa, Oklahoma, in the United States, said that at the present moment of intense craving for this energy resource which is so essential to contemporary living, the world can feel reassured and relieved by the belt's exploration and development prospects.

He stressed that the impact of the reserves that are now foreseen to exist in the belt "is already being felt in the form of positive development of the Venezuelan regions that are a part of the area covered by the belt, such as, for example, the states of Monagas and Anzoategui."

As is known, the belt extends over a large area beginning northeastward in the Amacuro Delta Territory, stretching westward where it borders on the state of Guarico, and taking in the states of Monagas and Anzoategui. Dr Plaz Bruzual pointed out that "the exploitation of the belt cannot be considered a totally new operation."

"We have already in the past attained in Monagas up to 120,000 barrels a day of oil of the same gravity and characteristics as the deposits we now know exist in the belt. And all this has been done by Venezuelan technology," he asserted.

Dr Plaz Bruzual stated that the exploitation of this immense reservoir of heavy crude with a high sulfur and metallic content has not yet been definitely assigned to any of PETROVEN's subsidiaries.

What is being pressed at this time," PETROVEN's manager said, "is a process of general evaluation, for which the areas of responsibility of each of the four operating companies have been defined, so that they can proceed

with this preliminary work. Those areas of responsibility are: Cerro Negro which is assigned to LAGOVEN; La Hamaca to MENEVEN; Zuata to MARAVEN; and Machete to CORPOVEN."

It has been estimated that by the end of 1980 the exploratory program started by LAGOVEN in the Cerro Negro area will have yielded a production potential close to 100,000 barrels of oil daily, which will significantly increase the country's proved reserves. MENEVEN will also explore in the La Hamaca area, which has a production potential similar to Cerro Negro's. The tasks entrusted to MARAVEN in Zuata and to CORPOVEN in Machete are purely exploratory.

PETROVEN's coordinator for the Orinoco oil belt, Dr Carlos Borregales, furnished additional details on the program planned for these areas of exploration. Dr Borregales stated that the belt covers an area of some 40,000 square meters, with deposits whose depths range between 600 and 7,000 feet, and whose crude ranges in API gravity between 7 and 18 degrees.

As regards experimental projects on thermal recovery of crudes in the belt, Dr Borregales reported that Venezuela has used the alternate steam injection, continuous steam injection, in situ combustion, and hot water injection processes as well as one called "combination sandwich." Much of the technology applied in these process has been developed in Venezuela.

"The start-up of these explorations and the implementation of all the projects planned for the belt will require vast investment sums," Dr Borregales warned. "Work on substructures will have to be advanced and a large quantity of manpower resources will be needed.

"A substantial level of oil production by the belt will be needed by the mid-1980's to achieve the goal planned by the Ministry of Energy and Mines and by PETROVEN, which is a production capability of some 2.8 million barrels daily by then."

The plan calls for the belt to be producing, by the end of this century, 1 million barrels a day of heavy and extra-heavy crude with high sulfur and metallic content, whose composition demands special processing for its transportation and ultimate refining.

9399

CSO: 3010

VENEZUELA

BRIEFS

CARDON OIL REFINERY EXPANSION--INNAC 14, Punto Fijo, 11 Dec (Special)--PETROVEN [Venezuelan Petroleum, Inc] will invest 1 billion bolivars in major projects to be developed over the next 3 years by its subsidiary in Paraguana, MARAVEN's Cardon Refinery. The press release containing this information indicates that these new projects include: the new lubricant canning plant which is due to be completed during the last quarter of 1980; an experimental plant for the enhancement of crudes, which is now in the design stage and due to enter the construction phase toward the end of 1980; and a second alkylation plant, which is now also in the initial design stage, and is due to enter the construction phase around mid-1980. The release concludes with the information that, parallel with this expansion phase the Cardon Refinery [will have] new installations to assure industrial services, which that programed growth requires. [Text] [Caracas ULTIMAS NOTICIAS in Spanish 12 Dec 79 p 5] 9238

NEW OIL DISCOVERY SYSTEM--Puerto Cabello, 4 Dec--With the implementation, starting next month and for the first time in Venezuela, of aeromagnetic surveying, oil deposits will be located at lower cost and in less time than heretofore. Geologist Elias Zambrano, manager of exploration coordination planning for PETROVEN [Venezuelan Petroleum, Inc], made this announcement during his remarks at the 4th Petroleum Seminar for Journalists. He explained that the mapping is done by the use of a magnetometer aboard an aircraft, by means of which sites are pinpointed for exploration by a seismograph, an instrument that records the microseismic waves produced by specially designed equipment, revealing in the form of a seismogram the composition of the substrata. Zambrano said it is planned to cover 75 percent of the national territory, including among others the states of Falcon, Apure, part of Barinas, Cariaco, Paria and the Orinoco Delta. The use of aircraft in the latter region is a major help, in that the region's geographic makeup renders ground-based exploration extremely difficult. [Text] [Caracas EL NACIONAL in Spanish 7 Dec 79 p C-8] 9238

LIGHT CRUDE DISCOVERIES--The Ministry of Energy and Mines has announced positive results in the production tests carried out on two wells--discovery wells in two new oil fields--both located within the jurisdictional

limits of the state of Zulia, drilled down to the Cretaceous by the MENEVEN and LAGOVEN operating companies, and each producing 3,600 barrels a day. Specifically, the Ministry reports that MENEVEN's test was successful on its well 77-Z-4X, drilled to a final depth of 15,955 feet, or 645 feet less than planned depth, in the Ceuta field. The well turned out to be a producer of a new deposit, yielding 3,600 barrels daily of light crude with an API gravity of 36.5 degrees and no sulfur content. LAGOVEN, for its part, drilled the San Jose 1 well with the object of evaluating the production potential of the Cretaceous limestones and to evaluate the Sierra de Perija's Cenozoic. The well, programed for 16,280 feet, revealed the existence of light crude at 14,484 feet. The API gravity of this crude is 30.8 degrees, though its sulfur content is considerable. Thus, the two latest wells drilled in the Cretaceous have yielded a production potential of 7,200 barrels daily, or 3,600 barrels a day per well, which is around 12 times the average production per well nationwide.... [Text] [Caracas EL UNIVERSAL, in Spanish 8 Dec 79 p 1-21] 9399

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